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No. (Washington)

2059

Dated

August 193

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labour and manpower in United States.

Transmits copies of report no 88 on labour and manpower in United States, prepared by the Labour Attache.

Last Paper.

AN 2594

References.

(Print.)

(How disposed of.)

2) to byrdin Evans
(H/4)

Oct. 7

3) to H.A.N. Brown
(ex/labour) from the Randall
Nov. 22

(Action completed.)

(Index.)

MBS: 1/11/47/1 4/11/47

Next Paper.

(Minutes.)
Some interesting passages which I have sidelined
Copy Mr Myrdin Evans Min of Lab

Rogers 30/8

A.I.D.

E. R. D. 1947

E. R. D. 1947

A. I. D. M. A. H. 1947

F.O.A. 1947

I suggest that this report
is well worth printing.

Rogers 30/8

See also minute on AN 2541.

While these weekly reports from the Labour Attaché's office on labour and manpower contain a good deal of material of general interest, I am not at all sure that we should be wise in printing them in a Foreign Office series. The weekly Economic Summary covers broad economic developments in the United States pretty thoroughly and there is a danger that the recipients of F.O. print, which includes the Economic Summary and Political Summary from Washington, might find a further long report on labour and manpower more than they can digest.

We should, however, ensure that these reports are given a wide distribution to all those who may be expected to have a particular interest in their subject matter. Our present practice as regards distribution seems rather fluid, and unless Economic Relations Department or the Ministry of Labour can tell us exactly who at present receive copies, we should ask Washington. I take it that there are a number of Government Departments who would be interested in these reports, but this distribution may already

AN 2740

be performed by the Ministry of Labour. I should have thought that the Embassies at Moscow and Paris and the principal Diplomatic Posts in South America would be interested to have copies.

U57

E.R. Dept.,
for obs.

5th September, 1946.

I agree that these reports from the Labour Attaché in Washington would be of interest to certain posts abroad and also I should imagine to the Treasury, Board of Trade and Ministry of Supply.

I am afraid that I do not know what circulation they are given by the Ministry of Labour. I only know that they are taken into account in the preparation of the Weekly Economic Summary from Washington and that they are regarded in the Labour Attaché's Office as prepared mainly, though not perhaps exclusively, for the benefit of the Ministry of Labour. I doubt if they are given any circulation from Washington other than to the Ministry of Labour and ourselves and I suggest that it would therefore be best to ask the Ministry of Labour what distribution, if any, they are given in London and elsewhere. It might be desirable to suggest to the Ministry of Labour that they would be of interest to all posts (including, for example, Brussels and The Hague) at which there are Labour Attachés.

Unger-Livins.

10th September, 1946.

I remember that the distribution of these reports in London was discussed with the Ministry of Labour in the summer of this year, and we said that the material in them would be made available in Washington to the several Attachés there and would reach Gov. Depts at home from their own Attaché. Ministry of Labour, as a result, do not send copies of the Washington Labour and Manpower reports to other Government departments. They have never sent copies abroad.

They would have no objection

to

U57 Brown
W47
x16

to a proposal to send the reports to missions abroad. The material in them is not used in ~~any~~ the preparation of any summary. It is known that Labour Attaches abroad exchange information within their own region, e.g. among the attaches in Scandinavia or South America, but it is not thought that the Washington Labour Attaché is included in any such arrangement.

Hogan
24/10

Should we not therefore suggest to the Min. Chambers that they shd. copy the reports to Tex., B.O.T. & Min. & Supply; ask W. ton to copy to Moscow, Paris, principal ports in S. America & ports with Labour Attaches? Perhaps Ec. Rel. Dept. could supply the names of the latter?

Ec. Rel. Dept.

Chad
27/10

Action as suggested.

U57
28/10

I am afraid not. But Min of Labour must know. They are all Min/Lab appointees with the exception of W. Corley Smith (Brussels) all Min/Lab men.

N.B. Stevens
28/10

Apart from Washington, the following posts have labour attaches:-
 Buenos Aires, Brussels, Rio de Janeiro,
 Hankow, Copenhagen, Cairo, Helsinki,
 Paris, Athens, Rome, Mexico,
 Stockholm and Lebanon.

S.A. Dept have suggested that the following posts should also receive the reports:- Santiago, Montevideo, Caracas, Bogota, Lima, Guatemala City and Panama City.

To all these, we add Moscow.

I spoke about ten days ago to Mr H.A.N. Brown at the Ministry of Labour and put our suggestion to him. He has recently been approached by S.A. Dept and about the distribution of their reports and has also had occasion to raise the question with Northern and, I think, Western Dept. He said he would like to consider our suggestion for the distribution of the ~~and~~ Washington report at in London in the light of the arrangements which are, or should be, made for all reports of this kind.

I think we might hold up

This list is being extended. Personnel Dept suggest that Mr. of Lab could tell Mr Gordon when labour attaches are appointed at other posts.

up our instructions to Washington⁹⁵
 about distribution to other posts
 abroad until we can instruct them
 also about distribution to Ministry
 of Labour.

Draft to Mr H.A.N. Brown submitted

S.A. Dept
 24/11.

Northern Dept 7/325/11/40.

Western Dept
 27/11.

Rugon
 19/11

(Dft. initialed).

now see AN 3414.

No. 2029

215/53/46

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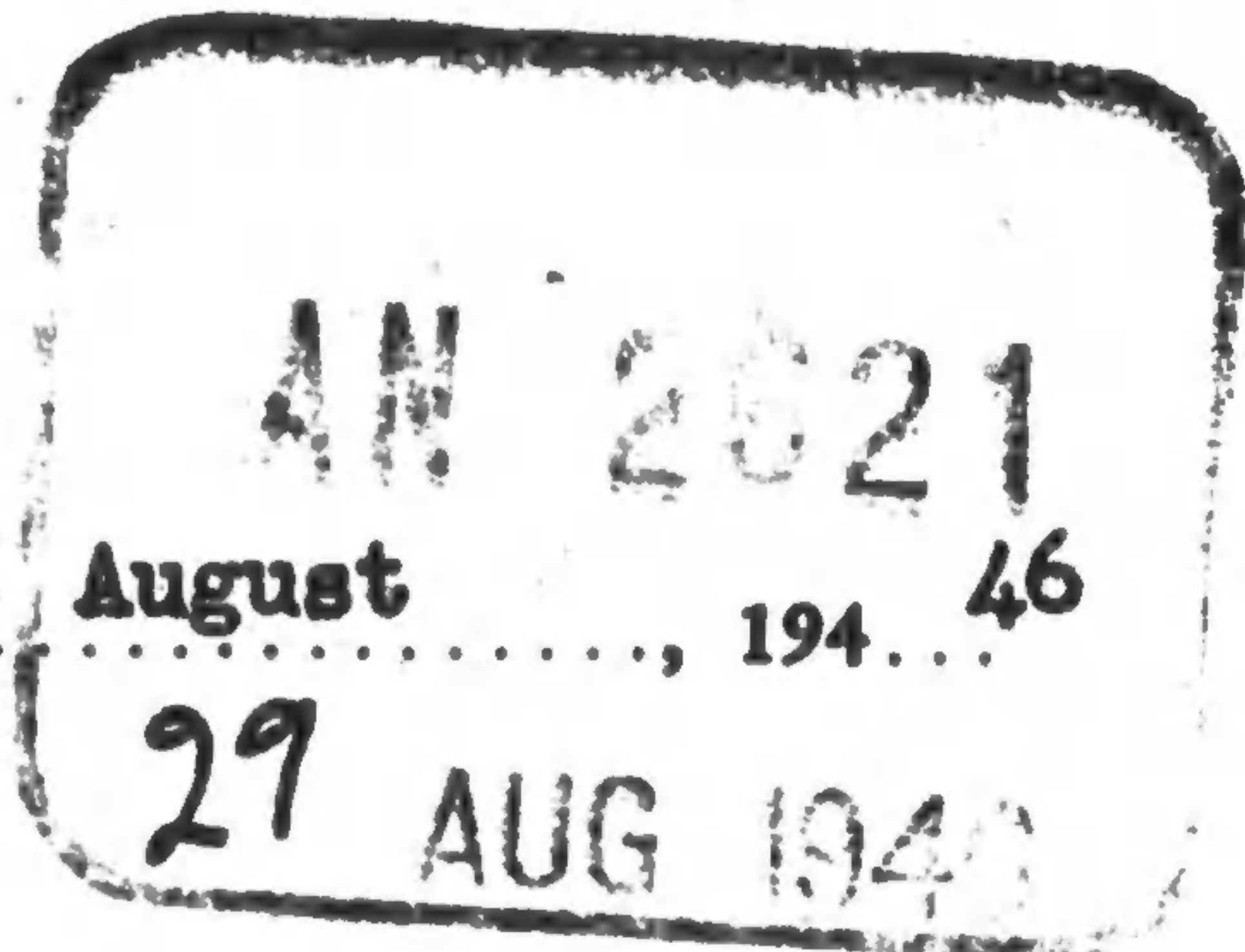
HIS Majesty's Ambassador at Washington presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs and has the honour to transmit to him the under-mentioned documents.

British Embassy

Washington, D. C.

23rd August, 1946

Reference to previous correspondence:



Description of Enclosure.

| Name and Date. | Subject. |
|--|------------------------|
| Report No. 88 from Labour Attache's Office | Labour and Manpower |

REPORT FROM LABOUR ATTACHE'S OFFICEWashington, D.C. -LABOUR AND MANPOWER

The following subjects are dealt with this week:-

1. Price Control and the Labour situation
2. C.I.O. - Political Action Committee
3. A.F.L.'s Executive Council
4. General

1. Price Control and the Labour situation

The emergency meeting called by the C.I.O. to discuss a wage-and-price policy (see last week's report) was held this week in Washington - 300 union officials were present from almost every Union, State and City Council. The policy agreed upon is that organised labour's first consideration will be an attempt to fight the trend of rising prices; behind this however is the ominous, if directly unexpressed threat that, if such action fails and prices continue to rise, a demand for wage increases will be inevitable. The three resolutions adopted by the meeting were:

1. To fight the trend of rising prices
by consumer action and demands
for a strengthening of government
enforcement.
2. To refuse to accept a situation where
wages are stabilised and "frozen"
while prices and profits run wild.
3. To attack the concept that speed-up
working practices aimed at producing
more work from fewer employees at
less pay will bring real production
and end the inflationary danger.

In addition, the meeting renewed the demand made a few weeks

/ago

ago by the C.I.O. Executive Board that a labour-management conference should be held. No reply on this subject has yet been received from the President and the case for such a Conference is weakened by the split in labour's own ranks - Mr. Green of the A.F.L. is openly antagonistic to the idea as being of little value.

. . . The Price Decontrol Board has this week been receiving testimony for and against the restoration of price controls of meats, grain, cotton seed, soya beans and dairy products. It will be remembered that under the new Price Control Extension Act these commodities were exempt from price control until August 20th. (Report No. 84). In giving evidence before the Board, Mr. Philip Murray urged that controls should be immediately reestablished on all products under consideration; that prices should be returned to the level of 30th June, and that subsidies should be restored. Mr. Murray informed the Board that take-home pay in the manufacturing industries was now about 4.2 per cent below that of a year ago, although, the cost of living has risen about 33 per cent. in the same interval, and he complained that the Government seemed to have one policy on wages and another entirely different policy on prices. Mr. Murray's last point was supported by the two public members of the National Wage Stabilisation Board, who warned the Decontrol Board that the N.W.S.B. could not hold the line on wages unless the prices of essential foods were returned to as close a level as 30th June as the new O.P.A. law would allow.

The full demands made by the C.I.O., have not, however, been met, in the decision of the Decontrol Board announced this morning - their unanimous decision is to restore the price ceilings on meat, cottonseed, and soy beans, but to continue exemption of dairy products and all grains except flax seed from price control. Full subsidies are to be restored on meat, thus enabling the Office of Price Administration to re-introduce

price levels existing at June 30th.

In deciding to re-impose controls the Board's discretion is limited to consideration of three criteria laid down by Congress:

- 1) that prices have risen unreasonably above the level existing at 30th June
- 2) that supply is short and
- 3) that regulation is enforceable and is in the public interest.

The Board found that the price of dairy products had not risen unreasonably since 30th June, and that supply was adequate. Whether they were right in considering that the regulation of meat prices is enforceable (however much in the public interest) remains to be seen. A very large black market in meat flourished before 30th June.

The Board has been the subject of very great pressure from group interests and it is doubtful if this compromise decision will be acceptable. The C.I.O. has already indicated dissatisfaction with the decision, and points out that if no control is imposed on grain, it will be almost impossible to control prices on meat and poultry.

Much will depend on the trend of prices in grain and dairy products during the next month or two.

Following the C.I.O. meeting in Washington, the U.A.W. has served formal notice on the Chrysler Corporation that it intends to re-open the wage agreement on October 16th, and that other unions in the U.A.W. with re-opening clauses will take similar action. Mr. Reuther, who is understood to be in personal agreement with Mr. Murray's attitude of avoiding strikes and wage demands if possible, has expressed the hope that this re-opening of the contract does not mean a wave of wage demands - if the Government will use its powers to control the price situation. The fact that the U.A.W. is understood to be financially in rather an unsound position after the

long strikes experienced earlier this year is another reason why Mr. Reuther is hopeful that strikes will be averted.

It seems that the price situation within the next month or so will be the determining factor in deciding whether this country is to experience another round of disastrous wage demands and strikes. As stated previously, labour leaders in the C.I.O. are anxious to avoid strike action as are leaders in the A.F.L. and the Railway Brotherhoods; the position may best be summed up in the statement made this week by one of the executives of the Railroad Brotherhoods, "If the Government fails to control food prices, it is doubtful if anyone will be able to prevent wildcat strikes in protest."

Although the issue is not one directly concerned with the cost of living, mention should be made of the strike which has started in shipping on the Great Lakes. The union concerned is the C.I.O. National Maritime Union, and though its members number only 1,100 seamen and the company with whom the union has bargaining rights operates only 44 vessels, the Union is making every effort to obtain support from other Unions (including dockers) to ensure the maximum disruption of shipping on the Lakes. It is difficult to know the extent of the strike, as the claims made by the Union and the Operators regarding the number of vessels laid up vary considerably; what is certain, however, is that if the strike spreads or is prolonged it will have the most adverse effect on production, since, at this time of the year, traffic on the Great Lakes is heavy and firms in that area engaged in steel, oil, etc, are anxious to increase their stocks of raw materials before the freezing of the Great Lakes stops all traffic in the winter. The main cause of dispute lies in the union's demand for a 40-hour week which, during the abortive negotiations between operators and unions in Washington, was altered to a 44-hour week; wage increases of 10 to 18 cents an hour, and union preference in hiring are also involved.

2. C.I.O. - Political Action Committee

Officials of the C.I.O. - P.A.C. from all parts of the country, numbering 150, met this week in Washington to discuss its further programme in the elections this year. The meeting approved a publicity campaign by leaflets, poster, radio, song albums, etc. (Song albums are probably a purely American type of propaganda - they are also being used in the Southern Drive where words dealing with Union matters - ofte amusingly written - are put to the music of local folk songs or negro spirituals). In addition, information on the main issues of the 1946 campaign is to be brought before the public - the issues being inflation, housing, anti-discrimination, security and world peace, with main emphasis on inflation and housing. The C.I.O.-P.A.C. will follow the usual pattern of supporting individual candidates irrespective of Party and to assist local Unions, it has already issued a statement showing the voting records of Congressmen in the 79th Congress on issues of special interest to labour; these include the Case Bill: the Hobbs-Anti-Racketeering Act: the President's Emergency Strike Bill: the Housing Bill: the F.E.P.C.: the Minimum Wage Bill: the British Loan: the Anti-Poll Tax and the Price Control Extension Bill.

The new administrative head of the C.I.O.-P.A.C., Mr. Kroll, warned delegates that the success of the programme depended on finances, and the drive to raise one million dollars on the system of a voluntary contribution of \$1 a head - is being intensified.

Mr. Kroll stated that he was satisfied with the result of the primary elections so far and claimed that the C.I.O.-P.A.C. had defeated 4 Senators and 12 House Representatives and, by expressing opposition to them, had helped 6 Senators and 20 Representatives to decide against seeking re-election. It is very difficult to assess the direct result of the

/influence

influence of the C.I.O.-P.A.C. in recent primary elections. Mr. Kroll's attitude of collecting scalps is rather different from the attitude taken by his predecessor Sydney Hillman in the 1944 primaries (the first in which the C.I.O.-P.A.C. was a political force). Hillman took the line that it was not of great interest where the credit for defeat of reactionary politicians lay - sufficient that the C.I.O.-P.A.C. was assisting in developing the political consciousness of the American people - and we feel that this is still, at the moment, the C.I.O.-P.A.C.'s main function.

The recent Wisconsin primary is a case in point. By the defeat of Senator La Follette the long reign of the La Follette family (father and son) in that State has come to an end. In some quarters, his defeat is attributed to the left-wing of the C.I.O.-P.A.C. (although Mr. Kroll denied special intervention); in others, to La Follette's consistent isolationism despite a liberal attitude on more domestic policies; in other, to the normal reaction of the Wisconsin electorate to a too-long established dynasty. Whatever the reason, the Senate will lose one of its ablest and most useful members; he was one of the originators of the La-Follette-Monroney Bill to re-organise Congress. (Report No. 86)

3. A.F.L.'s Executive Council

The Executive Council of the A.F.L. has been meeting this week in Chicago and some interesting items have emerged.

(a) The Federation has, in view of what it labels the "dismal" record of the 79th Congress, decided on an expansion and intensification of political action - the usual non-partisan policy will be followed, but organisation (always the weakest part of the A.F.L.'s political policy) is to be improved - local Unions, central bodies and State Federations are to set up committees to stimulate registration and voting. The split in labour's ranks is not to be healed,

/ and

-7-

and no cooperation is planned with the C.I.O.-P.A.C., although it is likely that, at the local level, both Unions will be supporting the same candidate.

(b) The Council granted a charter to a new organisation which has been set up by the A.F.L. to correspond to the Committee for Maritime Unity established recently by the C.I.O. at the time of the threatened Maritime strike . (Report No. 78). A constitutional Convention of the new organisation - The Maritime Trades Department - will be held in October, and in the meantime a temporary Executive Board has been elected covering the following Unions:

Longshoremen Union

Seafarer's International Union

Masters, Mates and Pilots

Commercial Telegraphers Union

Firemen and Oilers

In addition the Brotherhood of Railway and Steamship Clerks and the Brotherhood of Teamsters will also participate in the new organisation.

It seems that the rise of this new organisation has been dictated, not so much by any positive desire to co-ordinate and stress Union demands (as was the case in the formation of the C.M.U.), but by a negative desire to parrallel the C.I.O. organisation and, as stated in the principles of the Trade Department, "to assume a coordinated offensive against the No. 1 enemy of the labor movement - the Communists"!

(c) Reference was made at the Convention to the progress made in organising Unions in the South where it was stated that a staff of 497 full-time organisations were operating together with many volunteer and private workers. Up to the present more than 100,000 new members have been recruited. Such progress towards the ultimate goal of "1 million members

/within

within a year" may seem perhaps slow, but it should of course, be remembered that in the South, with its long tradition of inactivity the tortoise is more likely to reach the goal than the hare.

(d) Although the matter has not yet been decided, the A.F.L., at their Convention, gave advance notice of their strong antagonism to any effort on the part of the Government to designate the A.F.L. and C.I.O. alternately as representatives of American labor at I.L.O. Conferences. It has been publicly reported, without denial, that the Secretary of Labor, Mr. Swollenbach, has suggested this course to the President. The A.F.L. has hitherto been recognised as the organisation most representative of U.S. Labor. In refusing, in advance, to share the honour with the C.I.O., Mr. Green based his claim for continued representation at the I.L.O. on the grounds that the A.F.L. has 7 million members as opposed to the C.I.O. membership of 6 million. He stated that the A.F.L. would not object to the nomination of C.I.O. members as advisers to the U.S.A. delegation without a vote, but threatened to withdraw the Federation from I.L.O. affairs if the Secretary of Labor's plan was put into effect. The C.I.O. is, of course, in full agreement with the Secretary's view.

It is understood that the Secretary of Labor ignored considerable advice to the contrary when he decided to inform the two organisations of his intention and in so doing he has created not the least of his many thorny problems and one from which he will find it difficult to extricate himself.

(e) The Convention appointed two fraternal delegates to the British T.U.C. in October,

Thomas Kennedy - Secretary Treasurer of the United Mineworkers,

and Edward Brown - President of the International Brotherhood of Electrical Workers.

4. General

(a) The Government set in motion this week preliminary action to return the coal mines to the Operators by inviting the Operator's Negotiating Committee and the United Mine Workers to meet in Washington on September 10th for the purpose of agreeing a new contract. Both the Operators and Union have indicated that they will attend the meeting. The Government has already been in control of the mines for two and a half months.

The appeal of the Jones and Laughlin Steel Corporation against the refusal of the District Court to issue a temporary injunction against the Government - on the issue of unionisation of foremen - was set aside this week by the District of Columbia Court of Appeals. The case is scheduled to be heard by the Supreme Court early in the autumn. Whether this issue will delay agreement on the new contract between the Operators and the Union at their meeting on September 10th remains to be seen.

It is interesting to note that, on the general issue of the right of foremen to form Unions, the U.S. Circuit Court of Appeals at Cincinnati recently ruled that foremen had this right. The ruling was given on an appeal by the Packard Motor Co. against a ruling of the National Labor Relations Board which directed the company to bargain with the Foremen's Association of America.

(b) A Convention of the American Federation of the Physically Handicapped was held in Washington this week, during which Major Erskine, Head of the Retraining and Reemployment Administration, Department of Labor, said that greater opportunities were necessary for the 28,000,000 physically handicapped persons in this country, and improved facilities for their rehabilitation. Mr. Gibson, Assistant Secretary of Labor, declared that legislation should be sought which would give the handicapped equal opportunities for work

with the able-bodied. He declared that Great Britain was far ahead of America in providing opportunities for their handicapped population.

(c) Another C.I.O. Union has suggested an open breach with its Communist members. (Reports Nos. 68, 73 and 74). Delegates from the United Electrical, Radio and Machine Workers (C.I.O.) to a Convention of U.E. Members for Democratic Action voiced the opinion that only two courses were now open to the Union - either to return to the "ranks of respectable C.I.O. Unions" or to become a part of the American Communist party and its programme. They called on the rank and file to oust all officers with Communistic leanings. This Union is reported to be one of the most Communist-minded of the large Unions, - the delegates, however, stated that the large majority of members were not Communist & that Communists had obtained control of the Union by election to national office and to the Executive Board and that they were to be found also in key positions on the paid staff and on the Union newspaper.

On the subject of Communism with the C.I.O., it is interesting to note that this week also, a local Union of the C.I.O., United Furniture Workers at Grand Rapids, Michigan, - numbering 2,500 members, - transferred its allegiance to the A.F.L. Upholsterers International Union, on the grounds that the C.I.O. Union was controlled by Communists.

August 21st, 1946.

OUT FILE

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Top Secret.
Secret.
Confidential.
Restricted.
Open.

D.A.L.
Draft.

H.A.N. Brown Esq.,
Ministry of Labour,
from Mr. Rundall.

November 1946.

10

I am writing to confirm Logan's recent telephone conversation with you about the distribution of Labour Attaché's reports from Washington.

send
sent home extracts
likely to them.

(Of course, certain)
~~It occurs to us that there are passages~~
~~in these reports that would interest some of~~
the Home Departments and in the past we have
left it to the various Attachés in Washington to
~~send the information to them separately.~~

see that for

We doubt however whether this is really effective and we think that ~~some~~ ^{better} arrangements ^{could} ought to be made here in London to bring the information to the attention of interested departments. Our suggestion is that Washington should send you four or five extra copies of the report to enable you to send one copy regularly to the Treasury, to the Board of Trade and to the Ministry of Supply and still have one or two to spare for ^{forwarding} ~~sending~~ to any other departments who may be interested in a particular report.

S.A. ^{sent 24/11}
Dept. for

I understand that you are considering this proposal in connection with the whole question of the distribution of Labour Attachés' reports, and I shall be glad to have your views in due course.

21/11/46

We are of the opinion that this report ought also to ^{be sent} ~~be copied~~ to certain of our posts abroad and we propose to ask Washington to ~~send~~ ^{send}

Subject to your views a copy
them/

a copy
~~them~~ automatically to all the posts which have
Labour Attachés and also to Moscow, ~~and Paris and~~ ^{Santiago, Montevideo, Caracas, Bogotá}
~~the principal South American posts.~~

As you receive a copy of the report direct
from Washington we shall discontinue the practice
of sending you ^{one} ~~a copy~~ from here ~~in future.~~

April, 21/11

(Sgd.) G. B. A. Randall

Lima, Guatemala City and
Panama City. As it is
likely that Labour Attachés
will be appointed to certain
other posts in the near
future, could you inform
Gordon of ^{future} ~~the~~ appointments
as they are made, so
that he can add the
posts to the list?

NOTHING TO BE WRITTEN IN THIS MARGIN.

FOREIGN OFFICE, S.W.1.

22nd November, 1946.

(AN 2621/21/45).

I am writing to confirm Logan's recent telephone conversation with you about the distribution of Labour Attaché's reports from Washington.

There are, of course, certain passages in these reports that are of interest to some of the Home Departments and in the past we have left it to the various Attachés in Washington to send home extracts to them. We doubt however whether this is really effective and think that better arrangements could be made here in London.

Our suggestion is that Washington should send you four or five extra copies of the report to enable you to send one copy regularly to the Treasury, to the Board of Trade and to the Ministry of Supply and still have one or two to spare for forwarding to any other departments who may be interested in a particular report.

I understand that you are considering this proposal in connexion with the whole question of the distribution of Labour Attachés' reports, and I shall be glad to have your views in due course.

We are of the opinion that this report ought also to go to certain of our posts abroad and, subject to your views, we propose to ask Washington to send a copy automatically to all the posts which have Labour Attachés and also to Moscow, Santiago, Montevideo, Caracas, Bogota, Lima, Guatemala City and Panama City. As I understand that it is likely that Labour Attachés will be appointed to certain other posts in the near future, could you inform Gordon of further appointments as they are made, so that he can add the posts to the list?

As you receive a copy of the report direct from Washington we shall discontinue the practice of sending you one from here.

H.A.N. Brown, Esq.,
Ministry of Labour.

(Sgd.) (F.B.A. Randall).

UNITED STATES

**Registry
Number**

AN. 2740/21/45

FROM

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in 1603

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Dated

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Received
in Registry

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Report on Labour & Transport.

Transmit Report N° 89 from Lebar
attache's office on Lebanon & Transjordan

Last Paper.

AN. 2621.

References.

(Minutes.)

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~~Ministry of Labour~~
(Mrs Myroslaw Evans' office)

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8/11/47

Next Paper.

Am 2867

HIS Majesty's Ambassador at Washington presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs and has the honour to transmit to him the under-mentioned documents.

British Embassy

Washington, D. C.

AN 2740
5th September 1946
10 SEP 1946

Reference to previous correspondence:

Description of Enclosure.

| Name and Date. | Subject. |
|--|-------------------|
| Report No. 89 from Labour Attache's Office | Labour & Manpower |

REPORT FROM LABOUR ATTACHE'S OFFICE
WASHINGTON, D.C.

LABOUR AND MANPOWER

The following subjects are dealt with this week:-

- (1) Visit of the Rt. Hon. George A. Isaacs, M.P., Minister of Labour and National Service and Sir Godfrey Ince, K.C.B., K.B.E., Permanent Secretary, to the United States and Canada,
- (2) Labor Day Messages by the Presidents of the A.F.L. and C.I.O.,
- (3) The Brotherhood of Railway Trainmen and the CIO,
- (4) The New York Truck Dispute,
- (5) The Seamens' Strike.

1. Visit of Minister of Labour and Permanent Secretary

The Rt. Hon. George A. Isaacs, M.P., Minister of Labour and National Service and party arrived in New York on Labor Day, 2nd September. A main object of the visit is to attend the 29th Session of the International Labour Conference which will open in Montreal on 19th September. The Minister was accompanied by Mrs. Isaacs, Mr. George Brown, M.P., his Parliamentary Private Secretary, Sir Godfrey Ince, K.C.B., K.B.E., Permanent Secretary of the Ministry of Labour and National Service, Lady Ince, Mr. G. Myrddin Evans, C.B., Mrs. Myrddin Evans and a number of officials.

2. Labor Day Messages

In their customary Labor Day messages both Mr. William Green of the American Federation of Labor and Mr. Philip Murray of the Congress of Industrial Organisations draw attention to the omissions of Congress with regard to social legislation

Mr. William Green, A.F.L.

In reviewing the past year, the President of the A.F.L. stated that during the early part of this year the members of the Federation won substantial increases in wage rates to compensate them for the loss of overtime pay which they enjoyed during the war production/

production drive. He declared, however, the soaring cost of living has, to a large extent, cancelled these gains, unless prices can be pushed back to their normal levels. This, in his opinion, can only be accomplished by greatly expanded production to end existing shortages. |||

Speaking of the legislative front, Mr. Green stated that labour attained little progress during the year. "We had hoped for broadening of our social security system and for the inauguration of national health insurance, but Congress failed us. We strove for the enactment of a long-range housing programme...but Congress fell down on the job. On the other hand labour was forced to defend itself against a series of hostile moves by Congress which would have undermined the freedom of American workers and handcuffed the labour movement. Fortunately, the worst of these measures were defeated or vetoed."

He went on to urge that organised labour concentrate greater effort to win public opinion to its side, and said the trade union movement enjoys the confidence of the nation's workers to a degree never before attained. Membership of the A.F.L., he declared, now stands at an all-time high of more than 7,000,000.

Mr. Philip Murray, CIO.

Mr. Murray was a little more expansive with regard to the legislative failures of the 79th Congress. He asserted that labour had noted the dereliction of Congress in failing to measure up to its responsibilities. "Congress loaned its support to the profiteers by almost completely wrecking the Price Control Act..It is also true that the reactionary majority of Congress has defeated or sidetracked nearly all progressive social measures urgently needed for the welfare and prosperity of the American people." He listed various failures:-

Legislation for housing,
Health,
Fair Employment Practice Commission,
Adequate Minimum Wage,
Expanded Social security,
Real full employment programme.

These/

These are in the main the various legislative requirements called for by President Truman on various occasions.

Mr. Murray declared that the Political Action Committee of the C.I.O. will also mobilize the efforts of its members and seek the co-operation of all forward-looking Americans, to educate the public and to secure the election of members of Congress who will enact progressive legislation to meet the people's needs.

3. Mr. Alexander F. Whitney, Brotherhood of Railway Trainmen.

In two talks on Labor Day the president of the Brotherhood of Railway Trainmen spoke of the failure of Congress, which he accused of "goose-stepping with Wall Street", and of the President's encouragement to reactionaries in Congress last May after the railway strike had ended. The chief interest surrounding Mr. Whitney's address in Highland, was that the affair was sponsored by the Lake County Industrial Council of the C.I.O. with members of the C.I.O. mainly in attendance. There has for some time been a report of possible affiliation with the CIO of the 196,000 independent Brotherhood of Railway Trainmen, and this occasion has reopened speculation.

4. The New York Truck Dispute.

Hope of a settlement of the dispute between A.F.L. Teamsters and the Motor Truck Association weakened as the employers rejected a compromise proposal by Mayor O'Dwyer, providing for an 18½ cent hourly wage increase and certain modifications in working conditions, while certain rank and file union groups maintained that the compromise formula was inadequate.

Prior to the action of the Mayor the original demands of the union included a 30 per cent wage increase and shorter hours. The employers originally offered a wage increase of \$3 a week and arbitration.

While the public has been reassured that adequate food and medical supplies will continue, general trucking operations
in New York/

in New York are said to be at a complete standstill. There is little prospect of a settlement at least until some time after the meeting of the union on Thursday, 5th September, to enable it to act officially on the compromise proposal of Mayor O'Dwyer.

5. The Seamens Strike.

In protest against the refusal of the Wage Stabilisation Board on 24th August to approve wage agreements already negotiated, the Seafarers International Union and the Sailors Union of the Pacific, both A.F.L. affiliates, called for strike action by their members to commence 5th September. While the two unions represent some 43,000 workers directly, support would be sought, and expected, from all maritime workers on the three coasts regardless of affiliation. In the event of a general strike a complete shipping hold-up in American waters may be anticipated. The ruling of the War Stabilization Board, which in effect refuses all later negotiated wage increases in excess of its approved \$17.50 a month increase in June to CIO unions, meets no approval from industry. Indeed the Atlantic and Gulf Ship operators Association has petitioned the Board for a re-hearing. The C.I.O. Committee for Maritime Unity has pledged full support to the A.F.L. strike and in the meantime every effort is being made from all sides to induce the Board to revise its action, so that a stoppage may be averted.

4th September, 1946.

59

AN

114

1346

UNITED STATES

AN 2867

20 SEP 1946

Registry Number *AN 2867/21/45*
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Labour and Manpower.
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Last Paper.

AN. 2740

(Minutes.)

Copy Min of Labour (Mr Myrdin Evans)

References.

Ee. Rel Rpt. of 27/9
E. I. D. 245/10
A. I. D. 5710
F. O. D. CISCX.

Myrdin
20/9

(Print.)

12/10

(How disposed of.)

8. Min of Labour
(Mr Myrdin Evans)
Sept 24

(Action completed.)

(Index.)

14/10 *11/11/47*

Next Paper.

AN. 2921.

No. 2223.

115

His Majesty's Ambassador at Washington presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs and has the honour to transmit to him the under-mentioned documents.

British Embassy

Washington, D. C.

13th September, 1946

20 SEP 1946

Reference to previous correspondence:

Description of Enclosure.

| Name and Date. | Subject. |
|--|-------------------|
| From Labour Attache's Office Report No. 90 | Labour & Manpower |

REPORT FROM LABOUR ATTACHE'S OFFICE
WASHINGTON, D. C.

LABOUR AND MANPOWER

The following subjects are dealt with this week:

1. Visit of Minister and Permanent Secretary of the Ministry of Labour and National Service to the U.S.A.,
2. Maritime Strike and the New York Truck Strike,
3. General.

1. Visit of Minister and Permanent Secretary.

After a visit of two days in New York, where the Minister's party met a number of labour leaders and officials of the National Association of Manufacturers, the party made a short visit to Philadelphia and reached Washington on 7th September. The Minister and Secretary were received by the President on Monday, September 9th and during their visit to Washington also met Mr. Clayton, Assistant Secretary of State for Economic Affairs, Mr. Schwellenbach, Secretary of Labor, General Bradley, Administrator of Veterans' Affairs, and Mr. William Green, President of the A.F. of L. Mr. Philip Murray, President of the C.I.O. was not in Washington but the Minister and party met other leaders of the C.I.O.

2. Maritime Strike and New York Truck Strike.

The seaman's strike referred to in last week's report commenced 5th September and assumed nation-wide proportions this week. Although the strike was called by two A.F.L. Unions only, the C.I.O. and independent Unions respected the picket lines and all ports in the country were paralysed. Troopships and the movement of military supplies were not interfered with, but, despite an appeal by Mr. LaGuardia on behalf of UNRRA, no exception was made by the strikers in respect of food relief ships.

The main facts behind the strike are as follows. The agreement reached between the Committee of Maritime Unity and the Government, which averted the threatened maritime strike in June, did not apply to workers in the two A.F.L. Unions - the Seafarers

International/

International Union and the Sailors' Union of the Pacific - who preferred to pursue their own negotiations with the shipowners. During the period when price controls ceased to exist in July, a new contract was signed which granted to the A.F.L. Unions wage increases in excess of those granted to the Committee of Maritime Unity - a difference of \$5 a month for sailors on the West Coast and \$10 a month for sailors on the East Coast. The agreement was approved by the War Shipping Administration but, the Wage Stabilisation Board, revived under the Price Control Extension Act, refused to approve more than the \$17.50 increase already granted to the Committee of Maritime Unity in June. The A.F.L. Unions retaliated by striking.

The unusual feature of this strike has been that no dispute has existed between labour and management; the strike being called against the decision of a Government agency. The strike has been interpreted in most quarters as a strike against the Government's wage policy. It is true that organised labour has probably reached the conclusion that, since price controls under the recent Act are no longer effective (and this view is largely justified) continued control of wages should now be dispensed with in favour of free collective bargaining. Such may legitimately be regarded as the general policy of organised labour but it seems doubtful if this particular strike was organised with the express purpose of attacking the Government's wage policy. The fact that increased wages were granted to seamen in one particular Union was bound to create an untenable position - and it is possible that employers, in agreeing to this increase, were not averse to embarrassing the Administration. Some mistake also seems to have been made by the War Shipping Administration in approving differentiated rates for the same type of work. The strike is regarded as arising in the first place from desire on the part of the A.F.L. to retain the advantage it had gained for its members over those gained by its rival the C.I.O. but there is no doubt that in its final effect/

effect it has weakened the Government's wage policy.

The Administration moved to end the deadlock yesterday when Mr. Steelman, Director of Office of Economic Stabilisation, issued an amendment to the wage regulations which will have the effect of granting to the A.F.L. the higher wages gained in negotiation with shipowners. It seems fairly clear that the amendment is a subterfuge on the part of the Administration to save the Wage Stabilisation Board and yet end the strike by granting the A.F.L.'s demands and does not bear close scrutiny. The amendment allows the Government to pay increased wages agreed to by employers in an industry provided a) employers are willing to absorb such increases without price relief - and therefore approval by the War Stabilisation Board is unnecessary and b) the Government operations in that industry constitute less than half the total operations.

In this particular case it has been previously stated in the press that employers were unwilling to grant the wage increases unless they could obtain price relief and it seems likely that they have been induced to change their attitude. The second point seems more difficult to surmount, as it has always been understood that the Government held the controlling interest in shipping at the present time. While the amendment will have the effect of granting the A.F.L.'s demand it seems clear that the C.I.O. will continue the strike until similar rates are granted to seamen in other comparable unions. It is expected, however, that these will be granted in the near future as the present inequity in rates cannot be justified.

Following this maritime strike two facts seem to emerge. It seems doubtful whether a period of industrial peace can be hoped for. A second round of wage demands seems likely though it is only correct to say that this would probably have arisen in any case with prices continuing to rise. The second point is that it seems probable that the life of the War Stabilisation

Board/

Board will be short and in some quarters it is agreed that it was poor policy to revive it when the Price Control Extension Act was passed. It may continue a precarious existence until after the November elections but a change in the Government's wage policy thereafter seems likely.

Opinion in the press has hardened against organised labour as a result of the maritime strike and the truck strike in New York. As previously reported the policy of labour leaders in the last month or two - to avoid strikes - seemed partly to be influenced by the coming elections in November - it seems unlikely that, the present strikes will assist organised labour's object of returning to the 80th Congress men favourable to labour. Though the truck strike affects New York only, it has had a highly disruptive effect on public life and New York plays a prominent part in national politics. This strike, which started with three locals with a total membership of over 10,000 (but quickly spread to include 15,000 sympathetic strikers) seems to be nearing an end; during this week all shipment of goods by road, with the exception of food and drugs, has been stopped to the city and thousands of workers have been affected by the consequent closing of factories. Mr. Dan Tobin, President of the International Brotherhood of Teamsters recently intervened, at the request of Mayor O'Dwyer, to instruct sympathetic strikers to return to work and negotiations between the three locals originally affected and employers are commencing. This strike has been one of the rank and file of the locals concerned; they refused to accept compromise terms suggested by Mayor O'Dwyer and accepted tentatively by the union leaders. This has been interpreted in some quarters as loss of control over the rank and file by Union leaders or domination by a left-wing minority; in others as an attempt within the local unions concerned to achieve real democracy.

General/

3. General.

A) The Secretary of Labor has now decided that the A.F.L. shall represent American workers at the forthcoming conference of the I.L.O. This is a complete volte-face as regards his previous suggestion (see report No. 88, page 8) and it seems that President Truman has over-ruled the original proposal to alternate I.L.O. representation between the C.I.O. and A.F.L. President Philip Murray of the CIO has now announced that the CIO will sever its relations with the I.L.O.

The present solution can hardly be regarded as satisfactory. While it is true that the AFL has been a member of the I.L.O. since its inception and is the largest labour organisation in the United States, the CIO is now a powerful factor in American labor and can hardly be ignored. It may be of interest to note that, during the War President Roosevelt proposed that delegates both from the AFL and CIO should attend the I.L.O. Conferences, each with half a vote. This would have had the effect of averting any danger, inherent in a system of rotation, of one organisation nullifying the work done by its predecessors and at the same time might have done something to enable the CIO and AFL to work co-operatively together.

b) The suggested breach with the Communists in the United Electrical Radio and Machine Workers Union (CIO) (see Report 88 page 10) has been defeated at the International Convention of the Union held this week. A resolution was adopted re-affirming the right of members of all political parties to hold union office, regardless of political beliefs and rejecting a minority report which would have barred Communists from office.

c) Miss Frances Perkins, formerly Secretary of Labor, is to return to Government service as a member of the Civil Service Commission.

13th September, 1946.

AN

AN 2921

UNITED STATES

SEP 1946

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Labour & Unemployment

Transmits copy of Report No 91
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References.

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8) Mr. Myrddin Evans
(Mr of Labour)

Sept 30

(Minutes.)

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Mr Myrddin Evans Min of Lab.

See Rel ✓ 2/10

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Next Paper.

AN 2963

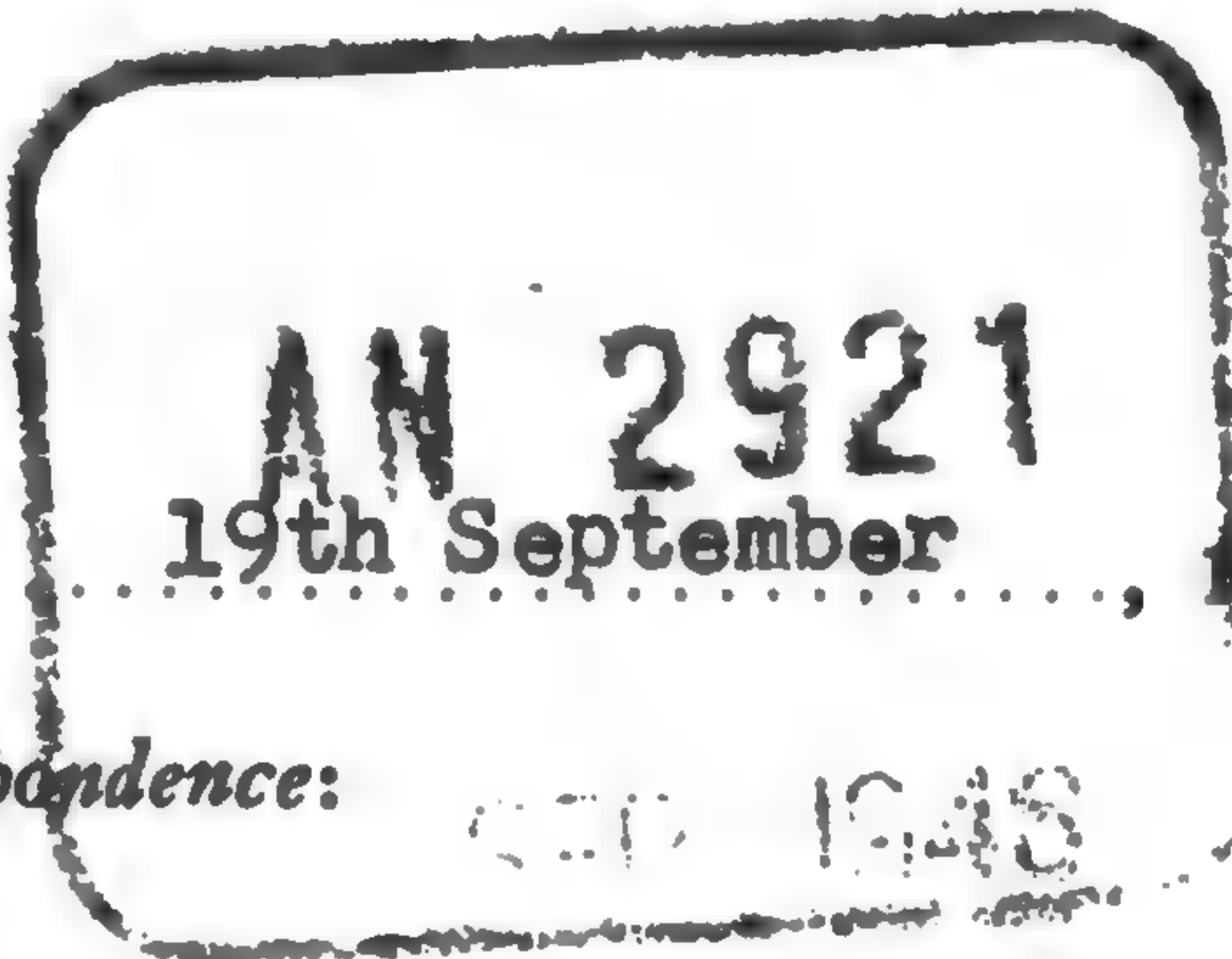
No. 2271

122

HIS Majesty's Ambassador at Washington presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs and has the honour to transmit to him the under-mentioned documents.

British Embassy

Washington, D. C.



Reference to previous correspondence:

Description of Enclosure.

| Name and Date. | Subject. |
|--|-------------------|
| Report No. 91 Labour Attache's Office | Labour & Manpower |

REPORT FROM LABOUR ATTACHE'S OFFICE
WASHINGTON, D. C.

LABOUR AND MANPOWER

The following subjects are dealt with this week:

1. Maritime Strike and New York Truck Strike;
2. Proposed return of Coal Mines to Operators;
3. General.

1. Maritime Strike and New York Truck Strike

As anticipated in last week's report, the Maritime strike has been continued by the C.I.O. Unions. It was hoped that an early settlement would be reached, but the action of the West Coast operators in refusing to negotiate with the two unions involved - the Pacific Coast Marine Firemen, Oilers, Watertenders and Wipers and the National Union of Marine Cooks and Stewards - has resulted in a general stalemate. These two unions, it will be recalled, (see Report No. 78) form part of the Committee of Maritime Unity, the National Maritime Union also a member of the C.M.U., whose negotiations with employers on the East Coast appeared at first to be progressing, insisted that any settlement of their dispute would depend on agreement being reached between the West Coast operators and the two unions. The action of the West Coast operators has been seen in some quarters as an attempt to split the Committee of Maritime Unity but if so it has been ineffective. The West Coast operators' refusal to negotiate is based on the ground that the contract negotiated last June provided no re-opening clause and strike action is therefore a violation of the agreement reached, (see Reports 78 and 79). Mr. Philip Murray, President of the CIO is, however, supporting the Unions; he has announced that when agreement was reached last June, he personally urged the Unions to accept the terms offered only after both the Government and the operators had given pledges that the AFL unions would not be granted higher wages.

Some trouble appeared likely this week between the AFL and CIO pickets but although certain leaders of the AFL were unwilling "to respect any Commie (i.e. Communist) picket line" on the whole the rank

and file of the AFL seemed to realise that unity among the workers was desirable and there has been no major trouble. Under further pressure from A.F.L. leaders an arrangement has now been reached whereby C.I.O. pickets have been withdrawn from ships under A.F.L. contract on the East Coast and there is in consequence some resumption of shipping activities today. On the West Coast the refusal of members of the A.F.L. to cross the C.I.O. picket lines has meant continued paralysis of all shipping.

It is understood that government agencies are now bringing strong pressure to bear on ship owners and unions to resume negotiations, in some quarters it is hoped that settlement of the strike may be assisted by the publication of an arbitration award in the next day or two which deals with the issues remaining from the threatened strike of the C.M.U. in June. The jurisdiction of the arbitrator is considered sufficiently broad to cover all factors in the present dispute. The facts in this strike have been most obscure and difficult to follow. Reports of this - the worst shipping strike in this country's history - have been confused and the actual merits of labour's case have been lost sight of. It is now stated, for example, that employers while willing on the whole to give the C.I.O. equal wages to those granted to the A.F.L. express the belief that taking into account collateral issues the final effect may be wages for the C.M.U. in excess of those won by the AFL (and it seems true that the A.F.L. abandoned certain collateral issues, in favour of higher wage rates) thus raising the possibility of further demands from the A.F.L.! In the same way Mr. Steelman's amendment of the Wage Regulations reported last week seemed difficult to interpret but newspapers this week report that the Government now holds less than one-half the interests in shipping (1,472 out of 3,207 ships are government-controlled and ships are being returned to private owners at the rate of several hundreds a month).

Even if agreement is reached in the present strike the maritime industry has still to face the demands of two other CIO Unions of the C.M.U. - the International Longshoremen's and Warehousemen's Union and the National Marine Engineers Beneficial Association - whose contract can be re-opened at the end of this month. The agreement reached in

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June between the Government and C.M.U. was not satisfactory even at that time to Mr. Harry Bridges, leader of the Longshoremen's Union (see Report No. 79 page 1) and Mr. Bridges announced then his intention of raising the matter again in the autumn. Unless the demands of these unions are granted by peaceful negotiation it seems possible that a still further strike in shipping will occur in October. A review of the Government's entire wage stabilisation policy is to be made. President Truman has asked the Advisory Committee of the Office of War Mobilisation and Reconversion to examine the entire wage stabilisation policy of the Government and to indicate a new workable programme if the Wage Stabilisation Board is abolished. Mr. Philip Murray, President of the C.I.O., is a member of the Sub-Committee but no member of the A.F.L. has been appointed. This has been explained as an oversight; at the same time it is added that Mr. William Green, President of the A.F.L., although a member of the Advisory Committee was not present at the meeting, and it was necessary to name to the sub committee only those persons who would be free to be in Washington next week! A rather exaggerated form of American hustle applied to Government policy!

The success of the A.F.L. in obtaining higher wage increases in face of the Wage Stabilisation Board's decision has already resulted in unrest in other Unions. The United Automobile Workers have served notice that, if it is found that the higher wage formula granted by the Government in the seamen's dispute, means more than a rise of 18½ cents an hour the automobile workers will also demand similar wage increases. The rubber industry, at its Convention opening today, may also discuss the re-opening contract negotiations at once for wage increases, and the United Packinghouse Workers, in their recently-opened negotiations of a new contract, are demanding wage increases of 11 to 13 cents per hour. In the case of the Packinghouse Workers however, chief interest is likely to centre round their demand for a guaranteed annual wage. The Union is conducting a strike vote this week

The New York truck strike appears to be nearing an end. Individual employers have broken the deadlock by suggesting a compromise plan acceptable to three local unions, and although the two largest employers are still refusing what they term the "exorbitant demands" of the Unions, it is hoped that the position in New York will be almost normal by the end of the week.

2. Proposed Return of Coal Mines to Operators.

The negotiating committee of the U.M.W. and the operators in the bituminous coal industry met this week in Washington with the intention of negotiating a new contract which would allow the return of the mines to the operators. The mines have been under Government control since May 22nd.

The operators have been unable to agree among themselves as to the terms to be offered to the Union and negotiations have been suspended at the request of Mr. John L. Lewis.

As indicated in previous reports, the main stumbling block to successful negotiations may well be the question of unionisation of foremen. The issue has not yet been made a live one, however; the operators failing to agree on the (now) less controversial issue of the health and welfare fund. The Northern group of employers, whose mines produce roughly about two-thirds of the country's soft coal, agreed reluctantly "in the interests of the people and the restoration of harmony" to a continuation of the 5 cents per ton tax on coal for the purposes of a health and welfare fund; (since May 29th the fund under the Government has already accumulated \$2,500,000). The Southern group of employers regarded the tax as "unsound in principle and dangerous in practice." Mr. Lewis declared that the divergence of opinion among operators raised a matter of policy - presumably whether the Union should return to a system of separate contracts with groups of operators, after having won its first industry-wide agreement with the Government last year - which the U.M.W. should decide at its Convention beginning October 1st. In

the/

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the meantime, bituminous coal production is increasing - production in June and July of this year reached the figure of 101,500,000 tons compared with 98,204,000 in the same period last year. Employers attribute the increase in production to the increase of 6% to 7% in employment over a year ago; the Union contends that more workers are in the mines because of improved safety conditions forced by the Government.

3. General

a) A recent Gallup poll shows that the majority of the American people are not in favour of a Family Allowance Scheme of the type recently introduced in Great Britain. The question was posed in two ways - approval of family allowances a) as a means of encouraging the birth rate and b) as assistance to parents in supporting their children.

On the first basis, 61% were against the introduction of any such scheme in U.S.A.; 30% were in favour and 9% had no opinion. There was very little difference between the opinion of those with children under 16 years and those without children under 16 years. Slightly more people were in favour of the introduction of a family allowance scheme as a means of helping parents support their children; 38% were in favour of the scheme; 49% were opposed to it and 13% had no opinion. In this case, however, a slight majority of persons with children under 16 years favoured the scheme (46% as against 42% opposing it); - only 34% of persons with no children under 16 years were in favour of family allowances.

b) The strike against the Great Lake Shipping operators is no longer a threat to industry in that area (see report 88 page 4). The National Maritime Union (CIO) reached a compromise agreement with a number of individual shipping owners and the strike at present is limited to one or two operators who are still remaining adamant.

c) While not representative of the views of organised labour as a whole and certainly not representative of the views of labour leaders, it is interesting to note that at two Union Conventions

this/

this week the possibility of forming a new political party was raised at the Convention of the Brotherhood of Sleeping Car Porters (AFL) and at the Convention of the United Rubber Workers (CIO). It seems possible that the failure on the part of the Democrats to support legislation advocated by labour in the last Congress has re-opened again the question of the desirability of a Third Party, but labour leaders are of the opinion that the time is not yet ripe for such action. Mr. Kroll, Director of the CIO-PAC, at the Ohio CIO Council this week made this quite clear when he ruled as out of order a demand by two delegates for the immediate formation of "labour's own party."

19th September, 1946.

AN 2963

UNITED STATES

30 1946

Registry
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FROM

Lord Amersbach
Washington Embassy

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Next Paper.

AN 2990

The Full Employment Act

The Act was introduced by Senator McNamara in January 1945 and passed by the Senate in the Summer of 1945. The Bill has now passed the House of Representatives and an amendment was made to omit a reference to "Full Employment". It received the President's signature on 20 February 1946. Enclosed is a copy of the Act (Copy to Board of Trade).

(Minutes.)

A heavily amended version of the Full Employment Bill has become law, and the Administration is committed to maintain a "high level" of employment through private enterprise. The President is to submit an annual report on the economic situation and to make quarterly reports on the same subject. A Council of Economic Advisers has been set up to frame these reports which will be considered by a Congressional Joint Committee.

I have underlined the important passages in the despatch

Copy Mr Myrdin Evans Min of Lab
(then submit)

E. Rel Dept

Ec. M.D. P. 7, 23/10

A-1-D. 30/10.

F.O.D.D.

G.C. 6.11

Hogan
30/9

This is one of the first signs of governmental economic planning in the U.S.A. It is a much-needed innovation, but I doubt whether the new Council will cut much ice with Congress.

Copy

Copy with encs: to Mr. J. S. Meade,
Economic Section & Cabinet Office.

OKed, 14/10

I shall have thought pairs of this,
at least, were worth Priority

C. T. Gandy

18/10

The 80th Congress is likely to
take very little notice of this Act or of
the Council which it establishes, but it
is a unique Act and might be worth
printing so far as "... executive orders to
Government departments" on page 5.

Hogan
12/11

? Permit as suggested by N. Hogan?

OKed -

Permit - whole despatch without
enclosures.

WJ
14/11

NORTH AMERICA

September 30, 1946

CONFIDENTIAL

ARCHIVES

SECTION 1

[AN 2963/21/45]

Copy No. 8

Lord Inverchapel to Mr. Bevin. (Received 30th September)

(No. 2275 E)

Sir,

Washington, 21st September, 1946

ONE of the legislative proposals before the last Congress which the Administration regarded as essential was a Full Employment Act. A Bill was introduced into the Senate by Senator Murray (D., Montana) in January 1945, which began with a statement of policy asserting that "all Americans able to work and seeking work are entitled to an opportunity for useful, remunerative, regular and full-time employment"; that the Federal Government has the responsibility of assuring continuing full employment, that is, the existence at all times of sufficient employment opportunities; and that the Government should develop and pursue a consistent and carefully planned economic programme covering all aspects of the national economy. This might include the provision of federal investment and expenditure designed to contribute to the national wealth and well-being, and to stimulate increased employment opportunities by private enterprise. Further, these responsibilities should be discharged in such a manner as would contribute to an expanding exchange of goods and services among nations and without resort to measures or practices that would contribute to economic warfare among nations. To implement this policy the Bill provided that the President should transmit to Congress at the beginning of each session a National Production and Employment Budget giving an estimate of current and foreseeable trends in employment, production, investment, and consumer expenditure, and a general programme for assuring continuing full employment with any recommendations for legislation considered necessary. He should also transmit quarterly economic reports. The President might establish committees or call upon such assistance as he required for the compilation of this budget and the quarterly reports. The budget and reports would be considered by a Joint Committee of both Houses of Congress, which would make recommendations to the two Houses on the presidential proposals.

2. This Bill received strong support from Cabinet officers and Government departments and was passed by the Senate in the summer of 1945. After the end of the war, however, reaction set in, and the proposals in this Bill proved to be too advanced for the House of Representatives. The House Banking and Currency Committee produced a heavily amended version which omitted any reference to "full employment" but stated, as the policy of the United States, the maintenance of a high level of employment, production and purchasing power through the encouragement of free enterprise, private investment and individual initiative, and the avoidance of competition of Government with private business enterprise. The Bill thus amended was approved by the House, and it finally emerged from conference between the House and Senate on very similar lines; and in this diluted state it received the President's signature on 20th February, 1946. Copies of the Act are enclosed.⁽¹⁾ The President issued a statement welcoming the passage of the Act, although the result was not all he had hoped for, and congratulating the Congress upon their constructive and fruitful efforts. "The Employment Act of 1946 is not the end of the road, but rather the beginning. It is a commitment by the Government to the people."

3. The Act, now called the Employment Act, declares it to be the policy of the United States to create and maintain "in a manner calculated to foster and promote free competitive enterprise and the general welfare, conditions under which there will be afforded useful employment opportunities, including self-employment, for those able, willing and seeking to work, and to promote maximum employment, production and purchasing power." The reference to the specific methods which the Federal Government might adopt, which appeared in the original Bill, have disappeared; but the arrangements for economic reporting are retained in a modified form. The Act prescribes that the President shall transmit to the Congress an annual economic report setting forth the current and foreseeable trends in the levels of employment, production and purchasing power, a review of the economic programme of the Federal Government and a review of

⁽¹⁾ Not printed.

economic conditions affecting employment during the preceding year, and programme for carrying out the policy described above with such recommendations for legislation as may seem necessary. This economic report and any supplementary reports that may be considered desirable are to be compiled by, or on the advice of, a Council of Economic Advisers consisting of three members. The reports will be scrutinised by a Joint Committee of the Congress consisting of seven members of each House. This committee will circulate, for the guidance of the legislators, its findings and recommendations on the programme proposed in the economic report.

4. After the passage of the Act, the Senate and the House of Representatives found little difficulty in nominating members of the Joint Committee. Several months elapsed, however, before the President was able to find persons willing to step into the exposed seats on the Council of Economic Advisers. Many names were discussed, both of the Right- and of the Left-wing, but it was not until late in July that the President was able to announce his appointments. The chairman of the Council is Mr. Edwin G. Nourse, vice-president of the Brookings Institution of Washington, a well-known economic research organisation. He is aged 63, has been with the institution since it was founded in 1922 and has devoted much of his time to agricultural economics. Mr. John D. Clark, aged 62, is Dean of the College of Business Administration in the University of Nebraska. In his early manhood he took a law training and practised in Cheyenne, Wyoming, where he acquired wealth through the appreciation in value of shares in a bankrupt oil company, which he had taken as his fees. At the age of 40 he gave up his practice and took a doctorate at the Johns Hopkins University at Baltimore. In 1931 he became Professor of Economics at the University of Denver, and in 1941 he transferred to the University of Nebraska. His views are believed to be moderately conservative. The third member, Mr. Leon Keyserling, aged 38, is one of Mr. Roosevelt's young men. A graduate of Harvard and Columbia, he became Legislative Assistant to Senator Wagner (D., New York), who initiated several important measures of economic legislation. Subsequently he became Deputy Administrator of the United States Housing Authority and later General Counsel of the National Housing Agency. He is said to be extremely brilliant and forceful, and liberal or leftish in his political views.

5. Soon after its appointment the new Council issued a statement of its policy, copies of which I enclose.⁽¹⁾ The Council compares itself to a driving band which ties many important wheels together in a complex but powerful mechanism. The immediate task, it says, is "to hold inflationary forces down so that we do not get into a runaway boom. It is to everybody's interest to help in this effort. Beating inflation now will be the best means for providing for the future economic wealth of our nation." It is still not clear, however, what influence the new Council will succeed in obtaining upon the policies of the Administration and upon the legislative activities of Congress. The establishment of the Congressional Joint Committee to study the Council's economic report has been co-ordinated with the new arrangements introduced under the Congressional Reorganisation Act for the compilation of a proper federal budget (of revenue and expenditure), and in this way it is likely to have an important influence on Congressional activities in the fields of taxation and spending. As regards other matters such as housing, social security and labour legislation, its influence is less certain. Within the Administration the Council will have to work in close co-operation with the Office of War Mobilisation and Reconversion, in which the executive functions of economic stabilisation are now vested. Both are co-ordinating bodies, but the Council has an advisory function, whereas economic stabilisation covers the issue of the necessary executive orders to Government departments. The Secretary of Commerce, Mr. Wallace, has on two or three occasions referred to the necessity for implementing the terms of the Employment Act to the fullest extent, notably in a speech in April at Miami; but he seems to be the only prominent figure in the Government to have stressed the importance of the new Act. I enclose a copy of the text of the Miami speech.⁽¹⁾ After a few paragraphs of compliment to Florida, he emphasises that it is binding on everybody to implement the policy set out in section 2 of the Act—"It is a pledge, so to speak, which all of us have made to each other"—and that it is the responsibility of the Federal Government to formulate an over-all economic programme; but the actual creation of production and employment is not, under a free enterprise system, for Government, but for the private economy, and business must continue to do the principal job of producing and distributing the goods and services the country needs. While business must carry the main load,

⁽¹⁾ Not printed.

the Government must bear its share, because there are factors over which private business has no control. Government must provide the factual information and the critical analyses which businessmen need in order to make their own decisions on policy. To this end he offers the services of the Commerce Department. Further, full employment implies a high level of consumption and a high level of production. To get people to produce more, they must be given a reason for doing it. This applies not only to wage-earners but also to employers and technical men. Adjustments of tax policies may be desirable to produce the expansion of productive effort. For this reason the Commerce Department has established an Incentives Division to find out what incentives are needed. In this way Mr. Wallace pledges the service of his department both as a centre for the collection of factual information for the new Council of Economic Advisers and as a distributing agency to encourage businessmen to adopt the policies which the council recommends.

6. I am sending copies of this despatch and enclosures to the Board of Trade. Papers relating to the progress of the Act through the Congress were sent to the Board from time to time during 1945.

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INVERCHAPEL.

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BY AIR BAG

2275 E. (C. 162)

BRITISH EMBASSY,

WASHINGTON. 3

21st September, 1946

21 SEP 1946

Sir,

One of the legislative proposals before the last Congress which the Administration regarded as essential was a Full Employment Act. A bill was introduced into the Senate by Senator Murray (D., Montana) in January, 1945, which began with a statement of policy asserting that "all Americans able to work and seeking work are entitled to an opportunity for useful, remunerative, regular, and full-time employment"; that the Federal Government has the responsibility of assuring continuing full employment, that is, the existence at all times of sufficient employment opportunities; and that the Government should develop and pursue a consistent and carefully planned economic programme covering all aspects of the national economy. This might include the provision of federal investment and expenditure designed to contribute to the national wealth and well-being, and to stimulate increased employment opportunities by private enterprise. Further, these responsibilities should be discharged in such a manner as would contribute to an expanding exchange of goods and services among nations and without resort to measures or practices that would contribute to economic warfare among nations. To implement this policy, the bill provided that the President should transmit to Congress at the beginning of each session a National Production and Employment Budget giving an estimate of current and foreseeable trends in employment, production, investment, and consumer expenditure, and a general programme for assuring continuing full employment with any

recommendations /

The Right Honourable
Ernest Bevin, P.C., M.P.,
etc., etc., etc.,
Foreign Office,
London, S.W.1.

recommendations for legislation considered necessary. He should also transmit quarterly economic reports. The President might establish committees or call upon such assistance as he required for the compilation of this Budget and the quarterly reports. The Budget and reports would be considered by a Joint Committee of both Houses of Congress, which would make recommendations to the two Houses on the Presidential proposals.

2. This bill received strong support from Cabinet officers and government departments, and was passed by the Senate in the summer of 1945. After the end of the war, however, reaction set in, and the proposals in this bill proved to be too advanced for the House of Representatives. The House Banking and Currency Committee produced a heavily amended version which omitted any reference to "full employment" but stated as the policy of the United States the maintenance of a high level of employment, production, and purchasing power through the encouragement of free enterprise, private investment, and individual initiative, and the avoidance of competition of government with private business enterprise. The bill thus amended was approved by the House, and it finally emerged from conference between the House and Senate on very similar lines; and in this diluted state it received the President's signature on 20th February, 1946. Copies of the Act are enclosed. The President issued a statement welcoming the passage of the Act, although the result was not all he had hoped for, and congratulating the Congress upon their constructive and fruitful efforts. "The Employment Act of 1946 is not the end of the road but rather the beginning. It is a commitment by the Government to the people."

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3. The Act, now called the Employment Act, declares it to be the policy of the United States to create and maintain "in a manner calculated to foster and promote free competitive enterprise and the general welfare, conditions under which there

will /

will be afforded useful employment opportunities, including self-employment, for those able, willing, and seeking to work, and to promote maximum employment, production, and purchasing power". The reference to the specific methods which the Federal Government might adopt, which appeared in the original bill, have disappeared; but the arrangements for economic reporting are retained in a modified form. The Act prescribes that the President shall transmit to the Congress an annual Economic Report setting forth the current and foreseeable trends in the levels of employment, production, and purchasing power, a review of the economic programme of the Federal Government and a review of economic conditions affecting employment during the preceding year, and a programme for carrying out the policy described above with such recommendations for legislation as may seem necessary. This Economic Report and any supplementary reports that may be considered desirable are to be compiled by, or on the advice of, a Council of Economic Advisers consisting of three members. The reports will be scrutinised by a Joint Committee of the Congress consisting of seven members of each House. This committee will circulate for the guidance of the legislators its findings and recommendations on the programme proposed in the Economic Report.

4. After the passage of the Act, the Senate and the House of Representatives found little difficulty in nominating members of the Joint Committee. Several months elapsed, however, before the President was able to find persons willing to step into the exposed seats on the Council of Economic Advisers. Many names were discussed, both of the Right- and of the Left-Wing, but it was not until late in July that the President was able to announce his appointments. The Chairman of the Council is Mr. Edwin G. Nourse, Vice-President of the Brookings Institution of Washington, a well-known economic research organisation. He is aged 63, has been with the Institution since it was founded in 1922 and has

devoted /

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(B) 5. Soon after its appointment the new Council issued a statement of its policy, copies of which I enclose. The Council compares itself to a driving band which ties many important wheels together in a complex but powerful mechanism. The immediate task, it says, is "to hold inflationary forces down so that we do not get into a runaway boom. It is to everybody's interest to help in this effort. Beating inflation now will be the best means for providing for the future economic wealth of our nation." It is still not clear, however, what influence the new Council will succeed in obtaining upon the policies of the Administration and upon the legislative activities of Congress. The establishment of the Congressional Joint Committee to study the Council's Economic Report has been coordinated with the new arrangements introduced under the Congressional Reorganisation Act for the

compilation /

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compilation of a proper federal budget (of revenue and expenditure), and in this way it is likely to have an important influence on Congressional activities in the fields of taxation and spending. As regards other matters such as housing, social security, and labour legislation, its influence is less certain. Within the Administration the Council will have to work in close co-operation with the Office of War Mobilization and Reconversion in which the executive functions of economic stabilisation are now vested. Both are co-ordinating bodies, but the Council has an advisory function, whereas economic stabilisation covers the issue of the necessary executive orders to government departments.] The Secretary of Commerce, Mr. Wallace, has on two or three occasions referred to the necessity for implementing the terms of the Employment Act to the fullest extent, notably in a speech in April at Miami; but he seems to be the only prominent figure in the government to have stressed the importance of the ~~new~~ Act. I enclose a copy of the text of the Miami speech. After a few paragraphs of compliment to Florida, he emphasises that it is binding on everybody to implement the policy set out in Section 2 of the Act - "It is a pledge, so to speak, which all of us have made to each other" - and that it is the responsibility of the Federal Government to formulate an over-all economic programme; but the actual creation of production and employment is not, under a free enterprise system, for Government, but for the private economy, and business must continue to do the principal job of producing and distributing the goods and services the country needs. While business must carry the main load, the government must bear its share, because there are factors over which private business has no control. Government must provide the factual information and the critical analyses which business men need in order to make their own decisions on policy. To this end he offers the services of the Commerce Department. Further, full employment implies a high level of consumption and a high level of production. To get people to produce more, they must be given a ~~reason~~ for doing it. This applies not only to wage-earners but also to employers and technical men. Adjustments

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6. I am sending copies of this despatch and enclosures to the Board of Trade. Papers relating to the progress of the Act through the Congress were sent to the Board from time to time during 1945.

I have the honour to be,
with the highest respect,
Sir,

Your most obedient, humble Servant,



[PUBLIC LAW 304—79TH CONGRESS]

[CHAPTER 33—2D SESSION]

[S. 380]

AN ACT

To declare a national policy on employment, production, and purchasing power, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Employment Act of 1946".

DECLARATION OF POLICY

SEC. 2. The Congress hereby declares that it is the continuing policy and responsibility of the Federal Government to use all practicable means consistent with its needs and obligations and other essential considerations of national policy, with the assistance and cooperation of industry, agriculture, labor, and State and local governments, to coordinate and utilize all its plans, functions, and resources for the purpose of creating and maintaining, in a manner calculated to foster and promote free competitive enterprise and the general welfare, conditions under which there will be afforded useful employment opportunities, including self-employment, for those able, willing, and seeking to work, and to promote maximum employment, production, and purchasing power.

ECONOMIC REPORT OF THE PRESIDENT

SEC. 3. (a) The President shall transmit to the Congress within sixty days after the beginning of each regular session (commencing with the year 1947) an economic report (hereinafter called the "Economic Report") setting forth (1) the levels of employment, production, and purchasing power obtaining in the United States and such levels needed to carry out the policy declared in section 2; (2) current and foreseeable trends in the levels of employment, production, and purchasing power; (3) a review of the economic program of the Federal Government and a review of economic conditions affecting employment in the United States or any considerable portion thereof during the preceding year and of their effect upon employment, production, and purchasing power; and (4) a program for carrying out the policy declared in section 2, together with such recommendations for legislation as he may deem necessary or desirable.

(b) The President may transmit from time to time to the Congress reports supplementary to the Economic Report, each of which shall include such supplementary or revised recommendations as he may deem necessary or desirable to achieve the policy declared in section 2.

(c) The Economic Report, and all supplementary reports transmitted under subsection (b), shall, when transmitted to Congress, be referred to the joint committee created by section 5.

COUNCIL OF ECONOMIC ADVISERS TO THE PRESIDENT

SEC. 4. (a) There is hereby created in the Executive Office of the President a Council of Economic Advisers (hereinafter called the "Council"). The Council shall be composed of three members who shall be appointed by the President, by and with the advice and consent of the Senate, and each of whom shall be a person who, as a result of his training, experience, and attainments, is exceptionally qualified to analyze and interpret economic developments, to appraise programs and activities of the Government in the light of the policy declared in section 2, and to formulate and recommend national economic policy to promote employment, production, and purchasing power under free competitive enterprise. Each member of the Council shall receive compensation at the rate of \$15,000 per annum. The President shall designate one of the members of the Council as chairman and one as vice chairman, who shall act as chairman in the absence of the chairman.

(b) The Council is authorized to employ, and fix the compensation of, such specialists and other experts as may be necessary for the carrying out of its functions under this Act, without regard to the civil-service laws and the Classification Act of 1923, as amended, and is authorized, subject to the civil-service laws, to employ such other officers and employees as may be necessary for carrying out its functions under this Act, and fix their compensation in accordance with the Classification Act of 1923, as amended.

(c) It shall be the duty and function of the Council—

(1) to assist and advise the President in the preparation of the Economic Report;

(2) to gather timely and authoritative information concerning economic developments and economic trends, both current and prospective, to analyze and interpret such information in the light of the policy declared in section 2 for the purpose of determining whether such developments and trends are interfering, or are likely to interfere, with the achievement of such policy, and to compile and submit to the President studies relating to such developments and trends;

(3) to appraise the various programs and activities of the Federal Government in the light of the policy declared in section 2 for the purpose of determining the extent to which such programs and activities are contributing, and the extent to which they are not contributing, to the achievement of such policy, and to make recommendations to the President with respect thereto;

(4) to develop and recommend to the President national economic policies to foster and promote free competitive enterprise, to avoid economic fluctuations or to diminish the effects thereof, and to maintain employment, production, and purchasing power;

(5) to make and furnish such studies, reports thereon, and recommendations with respect to matters of Federal economic policy and legislation as the President may request.

(d) The Council shall make an annual report to the President in December of each year.

(e) In exercising its powers, functions and duties under this Act—

(1) the Council may constitute such advisory committees and may consult with such representatives of industry, agriculture, labor, consumers, State and local governments, and other groups, as it deems advisable;

(2) the Council shall, to the fullest extent possible, utilize the services, facilities, and information (including statistical information) of other Government agencies as well as of private research agencies, in order that duplication of effort and expense may be avoided.

(f) To enable the Council to exercise its powers, functions, and duties under this Act, there are authorized to be appropriated (except for the salaries of the members and the salaries of officers and employees of the Council) such sums as may be necessary. For the salaries of the members and the salaries of officers and employees of the Council, there is authorized to be appropriated not exceeding \$345,000 in the aggregate for each fiscal year.

JOINT COMMITTEE ON THE ECONOMIC REPORT

SEC. 5. (a) There is hereby established a Joint Committee on the Economic Report, to be composed of seven Members of the Senate, to be appointed by the President of the Senate, and seven Members of the House of Representatives, to be appointed by the Speaker of the House of Representatives. The party representation on the joint committee shall as nearly as may be feasible reflect the relative membership of the majority and minority parties in the Senate and House of Representatives.

(b) It shall be the function of the joint committee—

(1) to make a continuing study of matters relating to the Economic Report;

(2) to study means of coordinating programs in order to further the policy of this Act; and

(3) as a guide to the several committees of the Congress dealing with legislation relating to the Economic Report, not later than May 1 of each year (beginning with the year 1947) to file a report with the Senate and the House of Representatives containing its findings and recommendations with respect to each of the main recommendations made by the President in the Economic Report, and from time to time to make such other reports and recommendations to the Senate and House of Representatives as it deems advisable.

(c) Vacancies in the membership of the joint committee shall not affect the power of the remaining members to execute the functions of the joint committee, and shall be filled in the same manner as in the case of the original selection. The joint committee shall select a chairman and a vice chairman from among its members.

(d) The joint committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings as it deems advisable, and, within the limitations of its appropriations, the joint committee is empowered to appoint and fix the compensation of such experts, consultants, technicians, and clerical and stenographic assistants, to pro-

cure such printing and binding, and to make such expenditures, as it deems necessary and advisable. The cost of stenographic services to report hearings of the joint committee, or any subcommittee thereof, shall not exceed 25 cents per hundred words. The joint committee is authorized to utilize the services, information, and facilities of the departments and establishments of the Government, and also of private research agencies.

(e) There is hereby authorized to be appropriated for each fiscal year, the sum of \$50,000, or so much thereof as may be necessary, to carry out the provisions of this section, to be disbursed by the Secretary of the Senate on vouchers signed by the chairman or vice chairman.

Approved February 20, 1946.

IMMEDIATE RELEASE

AUGUST 9, 1946

STATEMENT OF DR. E. C. NOURSE

CHAIRMAN, COUNCIL OF ECONOMIC ADVISERS

As the President has stated, the Employment Act of 1946 makes a significant addition to our frame of government. It is fully within our democratic traditions as an agency that will step up our efficiency in promoting the well-being of our people as a whole. All three members of the Council fully share this view, and we hope that every thoughtful citizen will bear in mind four things that the Congress plainly wrote into the language of the Act:

First, this Act must be carried out "in a manner calculated to foster and promote free competitive enterprise."

Second, the federal government accepts "responsibility" for maintaining conditions which will afford "useful employment opportunities...maximum employment, production, and purchasing power."

Third, the Council is not to set up any great new duplicating agency.

Fourth (and here I paraphrase rather than quote) it is to mobilize the best thinking of economic students — both lay and professional, within the government and outside — on immediate and long-range problems of the nation's business. It is to bring this wisdom to the service of the Chief Executive and the Congress, as they have to make decisions about what to do or what not to do.

Such is the general mandate of Congress. Beyond this, both Senate and House will keep active touch with the work of the Council of Economic Advisers through a special Joint Committee.

This is not a fifth wheel on a machine already adequately equipped. It might better be likened to a driving-band which ties many important wheels together in a complex but powerful mechanism.

The immediate task in maintaining the economic health of the nation is to hold inflationary forces down so that we do not get into a runaway boom. It is to everybody's interest to help in this effort. Beating inflation now will be the best means of providing for the future economic health of our nation.

We believe that the task of the Economic Council is one of tremendous proportions, which will call for the utmost that we can give it. The Council can only study and advise, and we will do our humble best to advise wisely. But the success of the Nation in reaching the high goals we all desire can be attained only by the fullest cooperation of every citizen of the United States.

RELEASED USE NOT EARLIER THAN FRIDAY EVENING, APRIL 5, 1946

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U. S. DEPARTMENT OF COMMERCE
Washington

AN ADDRESS BY
THE HONORABLE HENRY A. WALLACE
SECRETARY OF COMMERCE

BEFORE THE
ANNUAL DINNER MEETING OF THE MIAMI CHAMBER OF COMMERCE AT THE
COLUMBUS HOTEL, MIAMI, FLORIDA
FRIDAY EVENING
APRIL 5, 1946

This is the third time that I have been in Miami. The first visit occurred several years ago, when I was flying south to visit a number of our Latin-American neighbors. The second visit took place on my way back from that visit. On each occasion I was here as a traveller, waiting for a plane at the great gateway to the Central and South American lands below the United States border. Today I am very glad to be here as one who is visiting Miami for its own sake, so to speak. It is a genuine pleasure to be with you.

As a result of my previous visits, and of my work as Secretary of Commerce, which includes the Civil Aeronautics Administration, I know that Miami is one of the great peace-time air terminals of the world. You have a splendid airport here, but you and I both know that the volume of traffic that is going to be handled here justifies an even better one. I have no doubt that the citizens of Miami will do all that is needed to create here the facilities that will be required by the aerial traffic that must eventually be handled.

It is also a real pleasure to be here tonight on the same platform with that great Florida statesman, Senator Claude Pepper. Probably no man in the United States has had a better opportunity to learn at first hand the actual conditions which exist today in Europe. Surely there is no man who is more certain to take a broad, statesmanlike position in the light of his knowledge of affairs overseas. No man has battled more conscientiously for the cause of enduring peace—and the intelligent use of atomic energy—than has Claude Pepper.

Tonight here in Miami I would like to talk briefly about the prosperity that can come to this city and to this state if we have an enduring peace and a large volume of foreign trade and air traffic. No city in the United States stands to profit more from friendly relations with Latin America than does Miami. Every day a continuous stream of visitors to and from Latin America

passes through your air terminal. Florida is closer to all of the Latin American countries (except Mexico) than any other state in the union. I want to suggest, therefore, an ever-growing interest on the part of Florida in both the Portuguese and Spanish aspects of the life of our good neighbors to the South. It would be a good thing if half the people of Florida were able to speak Spanish as well as English. Both Spanish and Portuguese ought to be taught in your high schools as well as in your colleges.

Florida is the United States' best window looking out on the tropics. Your state has long been used as a testing ground for tropical and semi-tropical plants, but the surface has barely been scratched. The same thing is true of all aspects of our relations with our neighbors to the southward. Expansion of trade and friendly traffic to Latin America is bound to mean big things for this city and this state.

But of course Florida is not a walled-off, isolated community. It is a part of the great union of the states, and in the long run its prosperity and well-being will rise or fall with the prosperity and well-being of the nation as a whole. I did not come down here just to talk about Florida's own local problems; you know more about them than I can ever know. It seemed to me that it might interest the business men of Florida to know what we are trying to do in the Department of Commerce to meet the big, nation-wide post-war problems, which will inevitably be serious. I am sure that Senator Pepper feels exactly as I do about these problems, because he is a member of the Senate Commerce Committee, before which I appear from time to time in my capacity as Secretary of Commerce.

Under the full employment Act which was recently signed by President Truman, many additional responsibilities will be placed upon the Department.

Much of the information which is required by the President, by Congress and by business under this Act cannot be had except through the fundamental work of the Census Bureau and the analytical work of the Department's Office of Business Economics.

To do a better job on this, we are proposing, Congress willing, to name three new assistant secretaries, one in charge of foreign trade, one in charge of domestic commerce, and one in charge of small business. I believe that in that way we shall be able to give more effective attention to each of these three very important fields.

I am not going into these details because of any desire to get you enmeshed in the bureaucratic subtleties of government operations in Washington. We are talking primarily tonight about Florida's future, and about the problems which face the business men of this city and this state. But it is all part of one broad picture.

The full employment act is the law of the land. It was passed--by overwhelming majorities in both Houses of Congress--because people everywhere in America realized that we cannot longer put up with the boom-and-bust cycle. We must strengthen our free enterprise system so that it can withstand any storm: we must enable American business, American labor and American agriculture to thrive and prosper under that system. The employment act of 1946 is a means toward that end, and no discussion of the future prosperity of any state or region of this nation can fail to take the provisions of that act into account.

It is important to realize that the full employment act is basically a simple declaration of policy. Its essential provisions are as follows:

"It is the continuing policy and responsibility of the Federal Government.....to coordinate and utilize all its plans, functions and resources for the

purpose of creating and maintaining...conditions under which there will be afforded useful employment opportunities...for those able, willing and seeking to work."

That is a simple enough statement, but it covers a lot of ground. I think it will be well worth our while to examine in some detail just what this language means.

Let me repeat--it is primarily a declaration of policy. The Act will not and it cannot, of and by itself, bring about a condition of full production and full employment. Rather it is a statement by the people of this country of the end they are determined to attain. It is a pledge, so to speak, which all of us have made to each other. Like all pledges, it calls for cooperation. It will have lasting meaning to the extent--and only to the extent--to which industry, agriculture, labor and our state and local governments can and will work with each other and with their federal government to attain a common goal.

The Federal Government has a clear and definite responsibility under this act. It has got to formulate and coordinate its own actions and policies. To begin with, the Government must put together a program--aimed at this goal of maximum production and maximum employment--which clarifies and coordinates all of its policies with respect to taxation; banking, credit and currency; monopoly and monopolistic practices; wages, hours and working conditions; foreign trade and investment; agriculture; education; housing; social security; the use of natural resources; the provision of public services and public works, and, in short, all of its activities which touch on finance and trade and employment and production. What that means, of course, is that in planning its activities in all of these fields the federal government must try to work in a direction that will promote better business, more useful jobs and a broader and steadier

level of prosperity.

But that is only a part of it. Lasting prosperity in America is not something that can be created out of a void by the central government. We live in a free enterprise economy and we are determined to maintain it: and I sometimes think that while we give a great deal of lip service to free enterprise, we are not always ready to recognize what free enterprise really implies.

Under a free enterprise system, production and employment are a management job. The government cannot create them. It can help in their creation, to be sure. It can, and it must, do its best to bring about conditions in which there can be full production and full employment. But under a free enterprise system, these things must flow out of the private economy.

Make no mistake about it. The American economy can provide the high levels of production and employment which are contemplated in the employment act. There is nothing wrong with our economy that better management cannot cure—better management in business, in agriculture, in labor relations and in government. The economic system may need adjustment and improvement here and there, but it does not need basic alterations—provided that the adjustment and improvement are made in time.

Now it is apparent that in all of this, business must continue to do the principal job. Business must produce and distribute the goods and services the country needs; it must provide the buying power to support these goods and services, and it must see to it that there is a steady growth and development of our basic productive facilities. But while business must carry the main load, the United States government must accept its own share of the responsibility. It cannot saddle private business with the entire load, simply because there are factors in this equation over which private business has no control.

So the government must, to begin with, shape its own policies and programs in such a way as to promote greater production and fuller employment. But it cannot stop there. For one of the fundamental principles of the employment act is that we as a nation are going to follow the practice of looking ahead. In other words, we are going to do our best to see economic troubles before they get to us, and, having seen them, to ward them off. This means, among other things, that government must provide the factual information and the critical analyses which business men need in order to make their own decisions properly.

I believe that the Department of Commerce will be a great source for much of this material. Not only does it have the responsibility for collecting most of the factual information which is needed by other government agencies and by private business in order to "look ahead" intelligently. The Department can and should be extremely useful as a sort of clearing house, a common meeting ground where both private and public organizations can get together to pool their judgement and their facts so that everybody concerned, both in and out of government, can weigh their present and proposed policies and actions better in the light of that knowledge.

I don't see this as a process whereby government simply says to business men: "Here are the trends--what are you going to do about them?" Rather, I believe, business and government can sit down together, apply their best collective judgment to the facts at hand, and proceed on the basis of a mutual agreement as to the outlook. All the way through, getting effective action under the employment act of 1946 has got to be a genuinely cooperative affair.

But there is one other aspect to this business of full employment which needs especial attention.

Full employment does not merely mean security. It means opportunity. The employment act does not merely call for full employment. It calls in addition for the attainment of maximum production, maximum employment and maximum purchasing power. In other words, it is an attempt to unleash the boundless energy and enterprise of the American people. It is a long look toward the future, not just a frantic shutting of the door against the perils we have known in the past. We are determined to have a lot better security against depressions, of course, but I say that the American people want a great deal more than that. They want to go forward just as fast as their resources and abilities make possible.

During the '30's this country experienced the calamity of a great depression. Fear stalked the land. Many of our citizens walked the streets looking for jobs that were not to be had. The Federal Government had to take emergency measures in order to avoid chaos. Finally the tide was turned and employment began to increase. More and more men found productive jobs. The Defense Program, and then the stark necessity for war production, gave the workers of this country their first taste of full employment in many years. The people have enjoyed the experience of full employment, but they have not forgotten the sheer misery of the early '30's. The people of this country are determined to avoid a repetition of mass unemployment. They will insist on more security from adverse economic conditions that were beyond their control.

Our Social Security Program and other humanitarian legislation passed by the Congress during the past few years have been great forward steps in providing national insurance against the risks of old age and unemployment.

Security alone, however, is not enough. We Americans need opportunity,

opportunity to achieve, to grow, to produce more, to consume more, to have more. We have the healthy human quality of always wanting to do and to have more and better things.

But if we are going to have more, we must produce more. If we are going to get people to produce more, we must give them a reason for doing it. In a free society, one of the main motivating factors is: "What do you get for the work you do?"

If we are going to have full production and full employment, we must make sure that all those who have the responsibility for the accomplishment of these objectives are given the right kind of incentives to produce and adequate rewards for their achievement. This means not only labor, but also the salaried worker, the salesman, the engineer, and those men who make up the management staffs of American business.

Labor is entitled to its fair share of the results of its work. The salaried worker and the salesman too must be given incentives to do their best work. I am a strong believer in the incentive principle, and it may well be that we need to adjust our tax laws and policies so as to provide proper incentives for those men who are the managers of American industry and business to expand their businesses, produce more, and employ more people. I believe that a proper use of incentives can be one of our most important aids in attaining the goal of full consumption as well as full production.

For these reasons we have recently established in the Department of Commerce an Incentives Division, whose task it is to make a thorough examination of the incentive systems that have been set up or proposed. This Division, in close cooperation with management, with labor and with all other interested groups, will undertake to find out what kinds of incentives are needed. It will

examine the systems that have been tried and will attempt to evaluate them. As a result of its labors, I hope that we shall eventually have the material by which both government and industry can adopt policies that will actively promote industrial expansion, production and employment in the most effective way.

I do not of course pretend that we know the answers on these things now. We do not, for instance, know just how far and in what way incentive systems can be fairly and effectively used with labor. We do not know exactly how the tax structure may best be readjusted so as to promote a steadily rising level of activity in production and consumption. Certainly these are not matters on which we can afford to make snap judgements. But I do know that we propose to find the answers to such questions, to the very best of our ability, and in full consultation with all interested parties. And out of those answers, I believe, we shall get a great deal of benefit as we move forward to make full production and full employment lasting realities.

For full employment--call it by whatever name you choose--is a dynamic thing. It represents a continuation of the great forward march of the American people. We have always wanted something more, in this country. We have never been content with what we have; invariably, we pass the crest of a hill only to look on to the next one and determine to get there. In our effort to realize the aims of the employment act of 1946 we are simply taking one more of those great steps forward toward the attainment of the American ideal.

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His Majesty's Ambassador in Washington presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs and has the honour to transmit to him the under-mentioned documents.

British Embassy

Washington, D. C.

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✓ NOT
September 26th, 1946

Reference to previous correspondence:

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From Labour Attache's
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Summary of Consular
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BRITISH EMBASSY
WASHINGTON, D.C.
Labour Attache's Office
26th September, 1946.

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SUMMARY OF CONSULAR REPORTS

LABOUR, INDUSTRIAL RELATIONS AND MANPOWER

(July - 1946 Review)

The present summary of extracts from the monthly Political Reports and items bearing on Labour, Industrial Relations and Manpower relate to communications received from:-

Baltimore, Maryland.
Boston, Massachusetts.
Chicago, Illinois.
Cincinnati, Ohio.
Detroit, Michigan.
Honolulu, Hawaii.
Houston, Texas.
Kansas City, Missouri.
Los Angeles, California.
New York, New York.
St. Louis, Missouri.
St. Paul-Minneapolis, Minnesota.
San Francisco, California.

Items of Interest.

Baltimore, Maryland.

While strongly opposed to the lapse of Price Control legislation and critical of the provisions of the O.P.A. Revival Bill, the organised labour bodies still seem undecided on any broad policy other than local advocacy of restricted buying. There has been little talk to date of increased wages though it seems inevitable that this subject will come to the fore soon if prices do not begin to fall. There is however, wide acceptance of the proposition that price control has ceased to exist for all practical purposes, and that the only hope of reasonable prices lies in vastly increased production unhindered by labour troubles. It is doubtful whether this point of view will prevail in Union councils against the pressure exerted by individual workers' budgets.

Industry remains active in this area and there is little unemployment. Reconversion has in general proceeded smoothly and many of the big industrial companies which were engaged almost wholly on war contracts have survived the changeover surprisingly well. For instance, the report of the Glenn L. Martin Company of Baltimore issued this month shows a backlog of orders amounting to \$175,000,000 - "the largest total of post-war airliner sales made by any company in the world." The employment total of this plant now exceeds 17,000 as compared with a low of 10,000 in February.

As far as can be judged in this predominantly Democratic District, there seems little prospect of a swing of organised labour away from the Democratic party. Despite the strong opposition aroused by men like Byrd there has been little advocacy of any support for Republican candidates. Apart from regional feeling against Republicans the identity of the New Deal with Labour retains much of its potency, and the efforts of labour seem directed more towards influencing the

Democratic/

Democratic party from within than to a transfer of allegiance. It is clear, however, that Democratic candidates cannot now count on active labour support without regard to their voting record and professed attitude towards labour. The whole question of the value or otherwise of the support of organised labour is still under survey among politicians in this section of the country, and there are varying interpretations of just how much labour antagonism contributed to the defeat of, for instance, Senator Radcliffe. Most politicians, lacking the support of his entrenched machine, are not prepared to welcome open battle with labour so eagerly as Senator Byrd, and fence sitting seems the general attitude - especially in urban areas. 154

Boston, Massachusetts.

The Textile Workers Union, C.I.O., has announced that workers in 44 New England cotton and rayon textile mills have been granted an 8 cents an hour increase, improved insurance benefits and a 75 cents an hour minimum wage.

With the abandonment of price controls, the prices of meat, butter and other food items soared to an alarming extent during the month. Prices quoted in Boston for meat were said to be the highest in the country and butter sold for 95 cents a pound. In protest against rising prices members of the American Veterans Committee, Inc., dressed up as Indians and, smeared with warpaint, re-enacted the Boston Tea Party. Cartons bearing various legends, such as "Happy O'Daniel Flour, \$500 a barrel" and "Taft Apples, \$1 an apple" were thrown into the waters of Boston Harbour. Other demonstrations in which members of labour unions were to take part were planned but, apart from one demonstration by a group of about 1,000 marchers in the Boston market district and a few small parades in outlying towns, little stir was created. Boston market men said that their business had not been affected by the "buyers' Strike", but shopkeepers in the smaller towns reported a falling off in purchases. There is no indication as yet that unions will use the increased cost of living to renew strikes, and it is considered that many people are waiting to see whether there will be an early stabilisation of prices at a more reasonable level.

Chicago, Illinois.

The past month has been one of chaos and confusion in business and commerce generally. With the death of OPA and the long drawn-out doubts as to its resurrection, prices have sky-rocketed, some to fall again, others to rise still higher. Rents jumped from 25 to 100% and more, cattle prices reached the highest figure for over 80 years, meat prices increased 40-76%, while groceries followed suit. Using the same set of facts, newspapers vied with one another to show (a) that "real" prices really had not risen at all and (b) that they had and would keep on doing so.

In industry it is steel which is the vital link. In spite of recently increased output, the outlook for the steel industry during the rest of 1946 is far from rosy. The effects and backwash of past strikes are now being felt. Scrap and pig iron are in short supply and these supplies, on an output of 82 million tons a year, are being used up much faster than they are at present available. In some plants there is now only sufficient for two weeks output. Added to shortage of scrap and pig there is another of coking coal. These, plus what a big steel maker defines as "unnatural interferences" by government control, are the bottlenecks which must first be eliminated if the industry is to cope with an unprecedented peacetime demand from all sides.

Another basic industry which is in the doldrums is that of the foundry industry, making steel, grey-iron and non-ferrous

castings/

castings. In spite of a big growth in the number of new plants, and extensive modernization and mechanization which have both increased and improved output there is still a great shortage of necessary manpower. It is said that the present demand for castings is sufficient to sustain a high level of production for at least five years and upon this production largely depends the output of much-needed machine tools, railway and housing equipment. So far, there is a tendency for men to pick and choose in the matter of employment. Heavy industries such as this, where work is arduous, hot and often dangerous is not one that is likely to be one of the most attractive, so long as times are easy and demand for labour in other industries is keen.

As regards labour itself, there are indications that another round of strikes will have the effect of causing drastic curbs on unions. Unions themselves while still conducting energetic campaigns for increased membership, are to be short of funds, and it is doubtful if they could afford to face the issues of further big strikes again this year.

Employment gains in metal and machinery industries led a general increase in the month from May 15th to June 15th bringing Illinois manufacturing employment to the highest peacetime level in history and only 6 per cent below the V-J Day figure, Robert L. Gordon, state director of labour, announced.

Cincinnati, Ohio.

In a private conversation with an official of the Brotherhood of Railway and Steamship Clerks, whose opinion on labour activities is generally reliable, he stated that the local unions were not as active as they might have been in stirring up support for price control legislation. Although there has been some grumbling about price increases, as a whole in this district, labour unions approve the revised Bill as the best obtainable in the circumstances and certainly better than no control at all. The same union official gave an "off the record" opinion that those union members who are most persistent in demanding higher wages, on the pretext of increased prices, know perfectly well that their chances are slim in view of wage increases granted earlier in the year. For this reason business leaders are not unduly apprehensive of a renewed outbreak of strikes.

With regard to the anti-inflation pronouncements of William Green and Philip Murray, a union official expressed the opinion that the rank and file of union members are willing to bend their efforts to increase production as a means of avoiding inflation in almost all the industries where there is a continuity of employment. In the building trades and other industries where employment is apt to be intermittent there is naturally a tendency to make the work spin out.

In discussing the local labour market during the month with a Cincinnati union official he agreed there are plenty of jobs available for workers skilled in some particular line of work. This union official expressed the opinion that among veterans who are unskilled unemployment is increasing because they will not accept jobs at the wages offered for unskilled work.

In this area there is some evidence to support the many rumours that organised labour is swinging away from the Democratic Party; however, in discussing this trend with a local union official he expressed the opinion that the evidence is a good deal more apparent than real, for the following reasons: Prior to the 1932 presidential election the rank and file of organised labour were about equally divided between the Democrats and Republicans. Disgusted with President Hoover's pusillanimous efforts to end the depression, the Republican members of labour unions almost as a bloc voted for the Democratic Party's platform of a "new deal for the forgotten man" in

1932. F.D.R.'s leadership retained these union members within the Democratic party ranks. The death of President Roosevelt caused many former Republican union members to drift away from the Democratic Party, but the majority still clung to the Democrats as their only refuge. Few if any were taken by Senator Taft's very obvious but belated efforts to show himself as a champion of labour.

The strike of the C.I.O. electrical workers at the Allis-Chalmers manufacturing company, Norwood, Ohio, now in its fifth month, still continues. During the past month 55 warrants have been issued charging 35 persons with various offenses resulting from picket-line violence outside the plant.

Detroit, Michigan.

The UAW-CIO has been very active in its attempts to arouse public interest in the restoration of OPA. It held a big rally in Detroit's Cadillac Square on July 16 which was attended by a crowd variously estimated to have been anywhere from 50,000 to 300,000. Although this was organised chiefly by the UAW, it was attended by representatives of the AFL, Patrick McNamara, vice-president of the Detroit Federation of Labor, and former rent control director, was among the speakers. The Michigan Citizens' Committee was present and one of the most prominent and active members, Mrs. Dorothy Kemp Roosevelt, sister-in-law of Mrs. Eleanor Roosevelt, also addressed the meeting. President Walter Reuther called on the vast audience to embark on a one week meat buying strike. This appears to have met with some success, as many, to whom the word "union" is anathema, refrained from buying meat and the prices did drop to a more reasonable level.

The attitude of the workers towards rising prices is somewhat different from that of other sections of the community, in that they have far more faith in the OPA. As long as they are being protected by this agency, they are prepared to accept the increased prices which are permitted under the law, but during the period in which there was no price control, they made it quite evident that they had no intention of submitting meekly to inflation.

There are unmistakable indications that the membership of the local unions are fretting for higher wages and business leaders as well as other observers of the industrial scene, anticipate a renewed outbreak of strikes early in the autumn. Officially these will be wildcat strikes, for the hands of the local leaders have been tied by the heads of the CIO and the AFL and they will not be in the position to authorise strikes on a similar scale to those which occurred last winter. The position of Walter Reuther as President of the UAW is vastly different from the one he occupied when he called the General Motors workers out in November and he cannot now afford to cross swords with Philip Murray as he did earlier this year.

The anti-inflation pronouncements of William Green and Philip Murray are not expected to find much practical support among the rank and file. It is quite certain that factory workers will make little response to the call for increased production as a means of avoiding inflation. Union members feel that the 18½% increase in wages, which many of them obtained in recent months, has been completely wiped out by the rise in prices - even before the expiration of the original OPA Act - and that therefore they have little incentive in speeding up production.

According to figures published by the Michigan Unemployment Compensation Commission initial claims for unemployment compensation benefits in the State during the week ended the 27th July dropped to 5,281, the lowest figures since the week preceding V-E Day. The number of claims which were paid during the same week amounted to 81,418, of which 35,028 were veterans of World War II. A recent survey by the United States Employment Service in Detroit showed that three out of

four of the unemployed in this area have been rejecting job offers and both employers and applicants will have to make some adjustments in their requirements. There is the usual shortage of labour in the highly skilled categories and a similar shortage is noticeable where the menial and low-paid jobs are to be found. Women are being employed much more reluctantly in the factories and in other fields where they replaced men during the war.

It is difficult to estimate the degree in which organised labour is swinging away from the Democratic Party. There is, however, some evidence that some of the people actively interested in the union movement are entertaining serious doubts as to the benefits which labour is gaining by "stringing along" with the Democrats. Only a few days ago, the writer was told by an official of a UAW local who was an enthusiastic PAC organiser in the 1944 elections, that he and many others were dissatisfied with the policies of the PAC in supporting Democratic candidates. He and those who share similar views believe that labour has little to gain, and much to lose by following such a course. They are convinced that the PAC would obtain a much greater following if it started more modestly in local communities and concerned itself with issues which could be understood by everyone because they affected the ordinary people directly. For example, the housing problem, recreational facilities and public works, community projects and other domestic questions have a far more direct appeal to the average man and woman than the national problems taken up by PAC candidates. In this way it is thought, a PAC candidate might obtain election to a local city or town council without being forced to affiliate himself to the Republican or Democratic parties - and in time might even be part of the nucleus of a third party which would rightfully represent labour. This school of thought is of the opinion that the two major parties are far too deeply entrenched in their own political traditions to be influenced by such liberal views as those held in the PAC-CIO and they are confident that it would be quite impossible for the trades unionists and their supporters to successfully break down the prejudices of the rank and file members in either the GOP or Democratic parties.

Walter Reuther, President of the UAW-CIO, extended an invitation to the heads of all the automotive companies to attend a joint conference with union officials to discuss the means for "putting the industry on its feet and returning to full production." Reuther's action, supported unanimously by the UAW policy committee, was an answer to charges by automobile executives that production was being seriously impeded by numerous strikes in the supplier plants. With the exception of the new Kaiser-Frazer Corporation, Willys-Overland and the Studebaker Corporation, every automobile company declined to accept the invitation. The refusal was based mainly on two factors: 1) that the firms did not want to discuss production policies with their competitors and 2) that the union should set its own house in order (i.e. end the suppliers' strike) before attempting to embark upon a discussion with the manufacturers as to the ways and means of increasing production. They did, however, agree to meet the union officials separately on a company basis, but would not hear of a joint meeting.

In spite of the unanimous approval of the policy committee, R.J. Thomas and Richard Leonard stated that they did not agree with the proposed conference. They did not make this announcement, however, until after the invitations had been rejected.

Although the conference is proceeding with the three above-mentioned firms, the absence of the remainder - particularly the Big Three, makes its findings relatively valueless.

Honolulu, Hawaii.

On the principle that what the Mainland thinks to-day, Hawaii thinks tomorrow, the month of July witnessed a considerable amount of labour unrest, with the threat of more to come. The strike issues were complicated

by/

by jurisdictional disputes, recruiting campaigns for the A.F.L. and C.I.O. ^{been} an attempt to absorb all manual workers, and other phenomena which have/ only too familiar in Mainland labour relations.

Broadly speaking, the International Longshoremen and Warehousemen's Union is attempting to bring all unskilled labour from stevedores to plantation-labourers into the C.I.O. fold, while the A.F.L. is concentrating on urban skilled labour. The influence of the two highly trained organisers of the C.I.O. and the A.F.L. among the illiterate and semi-literate Orientals and Puerto Ricans who form the bulk of the working class in the Territory of Hawaii is almost unlimited, and they appear to have no scruples about using or abusing their power.

Houston, Texas.

No activity was noticed on the part of local unions in stirring up support for price control. There is some apprehension concerning the possibility of "living-cost strikes" but certainly no definite steps have been taken in this regard. Walter Reuther is considered to have come a cropper on the industry-wide work stoppage which he called in demonstration against price rises following the lapse of OPA controls, and it is stated that many of his union members apparently comprehend economic forces better than their emotional leader.

The pronouncements of Green and Murray have either not appeared in the local press, or have passed unnoticed by us.

There is little unemployment in Texas, and the indications are that employment will hold about level for the next few months. The indications include estimates from employers in all industries except construction, with fewer reports of unemployed refusing job offers from U.S.E.S., whose Director said there was a decrease of approximately five thousand in the number of unemployed persons seeking work in Texas during the past month.

Labour-Management conditions appear to be quiet and satisfactory, with the exception of the two-months-old tie-up that has halted practically all Houston's construction work. It is understood, however, that the two sides are getting together.

Since the close of the war in Europe a year ago, manufacturing employment in Texas has fallen 19%, non-agricultural civilian labour force has decreased 1.6%.

Some labour unions stoutly proclaimed they would ask for re-opening of wage negotiations because of increase in living but the only evidence in this locale of backing up that proclamation was the walkout of 600 to 700 craftsmen of seven building trade unions as well as iron workers, and machinists in Topeka, Kansas, demanding wage increases ranging from 20 to 47 cents an hour.

Los Angeles, California.

Local unions were very active in their support of price control and were vociferous in urging the restoration of the O.P.A. Some buyers' strikes were organised in this district but there is no indication of their having been a conspicuous success. The final O.P.A. bill was approved by the unions and workers generally, though it was considered far too mild and narrow in its scope. What is really desired is a bill to provide legislation as full as or fuller than the old O.P.A. controls, but it is obvious that this is the most the Government will pass and it is felt that the measure is one of easing controls gently instead of retaining them. To meet further anticipated rises in prices, therefore, local unions have been pressing for higher wages and several strikes took place during July.

A strike/

A strike which brought 10 film studios to a standstill, including the major combines, occurred early in the month. Called by the Sorrell group of AFL unions, it protested at the enforced signing of contracts valid until December 31st, 1947, and after a stoppage of several days and some violence settlement was reached subject to re-opening of the question if the cost of living increased by 5% or more during the last half of 1946. 59

Meanwhile, the C.I.O. organised a go-slow strike of the Longshoremen's and Warehousemen's Union at Los Angeles and Long Beach harbours. C.I.O. members demand that certain retroactive pay due to them be paid between 8th and 15th August and that an agreement be signed that all discharged members be re-employed without discrimination, pending disposition of other cases by the joint Union-Association Labour Relations Committee. Negotiations continue, cargo handling has slowed down and many ships have been diverted to San Francisco.

Wage trouble developed at Disney's studio towards the end of the month. The Screen Cartoonists' Guild received a 25% increase in basic wages but this compelled the studio to curtail operating expenses to such an extent that 400 of its 1,000 employees have been laid off. It is feared that others among the employees may shortly receive similar treatment.

There appears to be little excuse for real unemployment in this district. At recent poll 67% of 100 Californian manufacturers indicated a labour shortage of some 6,000 workers. It is believed that this situation extends to most factories, airlines and utilities. Meanwhile, many workers refuse the jobs available on account of the low wage offered. Thousands of jobs go begging and many workers, particularly veterans prefer to live on their unemployment compensation. U.S.E.S. is accused of inefficiency in placing these men, though doubtless much of the trouble can be traced to labour itself.

New York, New York.

Local unions and labour leaders played a prominent part in organising Buyers' Strikes in New York City, Newark and other parts of New Jersey but emotions subsided with the passage of new legislation and there is a growing tendency to see how the new set-up, with its Three-man De-Control Board, will work out. With higher prices, alleviated by a wider range of products in the shops, there seems no immediate danger of union agitation for higher wages or a new strike wave.

Employers in certain skilled or semi-skilled trades are concerned at the continued and increasing difficulty in recruiting labour. Unemployment continues at a fairly high level, yet even in the highly paid clothing industry of New York (average pay \$1.45 an hour), there is a need for four thousand new workers including a thousand skilled tailors. As one representative of the industry put it: "The blunt truth seems to be that the younger generation doesn't like the highly-skilled, highly-paid tailor work. Young people aren't being trained to replace the aging workers who were mostly immigrants."

A settlement has not yet been reached between the AFL maritime unions and the owners at the time we go to press but is said to be close. The chief event of the month has been the open split between Curran and the Communists in the N.M.U., which has been hailed exultantly by the A.F.L. maritime unions. Curran achieved some local success at the expense of the Communists in New York but it is doubtful whether he can break the Communist machine which dominates the C.I.O. maritime unions all over the country. In his attack on the Communist officers before the local membership, he did not complain against their being Communists but against their undemocratic behaviour and conduct inside the union.

As in other spheres of the labour world, so also in the maritime sphere there has been vigorous rivalry between the A.F.L. unions and the

C.I.O./

C.I.O. group. During the past month, this has taken the form of a retaliatory SIU (AFL) picket thrown around piers at New York and elsewhere on the East coast at which ships manned by members of the CIO unions were moored. This was in reaction to the Coos Bay, Oregon, affair in which a CIO Longshoremen's union picketted a steamship manned by the AFL union. After five days this particular strike ended having tied up fourteen ships in New York harbour, at least it ended as far as the East Coast is concerned; the inter-union feud, however, continued on the West Coast.

St. Louis, Missouri.

Total employment in this district advanced seasonally in June. Agricultural employment was higher than in May, and the principal gains in non-agricultural employment resulted from increased activity in the construction industry and from greater demand for workers in the services and trades. Manufacturing employment remained at about the same level as in the previous month with additions to the working forces of some plants being mostly offset by reductions in other lines, such as meat packing and food processing, where operations were seriously curtailed in the month.

The number of unemployed persons in the district increased in June, reflecting mostly the entry of students and other seasonal workers into the labour market in excess of new job openings. Some increase occurred in the number of veterans drawing servicemen's readjustment allowances. Although recent estimates indicate that about 80 per cent of all veterans are employed or are in school, available evidence points to a somewhat smaller ratio for veterans in this district.

On the death of O.P.A. positive action towards starting a wide spread consumers' strike was taken by the C.I.O. St. Louis Industrial Union Council in the form of a mass open air meeting in the downtown area by several thousand union members who had walked off their jobs, and by veterans and consumer groups. The meeting followed mass demonstrations and parades and was addressed by C.I.O. leaders and by Senator Claude Pepper (Dem.) of Florida, speaking by wire from Washington, who urged strong public pressure for price controls "until the fight is won." The C.I.O. leaders also demanded effective price controls and denounced political leaders who failed to produce them. A.F.L. Unions did not participate officially in the rally. A protest strike against prices was also staged by most of the 4,500 members of the Progressive Mine Workers of America in Macoupin County, Illinois.

No comment has been noted concerning labour's reaction to the price bill which was finally passed, but it is generally accepted by labour and business alike that runaway prices will mean that the country will be in for a new wave of strikes to enforce demands for higher wages.

There is no evidence in this area which would indicate that organised labour is swinging away from the Democratic party.

A further 1,200 employees of the Monsanto Chemical Company, St. Louis, went on strike this month because of the company's refusal to meet their demands for an increase of 12 cents an hour, and a union shop, thus bringing the total number of strikers to approximately 2,600. Workers voted almost unanimously to call this most recent strike despite an offer by the Company to pay them a \$50,000 bonus provided they did not go on strike for one year. An incident of the strike was the bombing of two of Monsanto's supervisory employees' homes which, fortunately, were only slightly damaged, and no one was injured.

St. Paul-Minneapolis, Minnesota.

The threatened activities of the local unions in stirring up support for price control legislation rather petered out. Parades and protest/

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protest strikes as incentive to a buyers' strike did not materialize. Or- (61)
ganised labour in the Twin Cities appeared to be looking down its collective
at the Teamsters' plans for a "holiday" here to protest the end of price
control. It is thought that to date (July 30th) not a single labour leader
outside the Teamsters' Union itself has offered support to the mass work
stoppage scheduled for tomorrow.

The present policy of labour leaders rather seems to be in their
dual drive of continuing to put pressure on congressmen during vacation,
and to induce consumers to buy warily.

At the moment the labour front is peaceful. There are no signs of
new strikes in this area. The question of higher wages is not, at this
moment, causing any fretting among the local unions. It seems the inclina-
tion is to watch the working of the new OPA bill, study its effects, and
should prices continue to rise, to exert pressure at the crucial moment for
the recall of Congress and for the passage of such effective price control
legislation as was foreshadowed by President Truman.

The pronouncements of Green and Murray were generally received by
the rank and file of labour with a new and better discernment of the real
causes of inflation. William Green was said to be doing labour and the
nation a valuable service by vigorously promoting the idea that increased
real wages for workers depend upon increased production.

The report of the Division of Employment and Security showed
182,800 workers in manufacturing plants during June, a decrease of 1,400
from May's total of 184,200. Another factor was said to be a shortage of
material in many plants. Increased employment was reported in apparel
and printing firms, largely as a result of strike settlements. Compared
with a year ago, manufacturing employment was down 14 percent. An important
factor in this decline was a 61 per cent drop in the chemical and petroleum
group employment.

There is no immediate evidence here to support the rumours that
labour is swinging away from the Democratic party.

San Francisco, California.

A leading part was taken by the unions in the fight to retain
OPA. In their view prices should be kept down by force; a buyers' strike
if necessary, is being advocated by the CIO and should prices go very much
higher another wave of strikes seems inevitable.

There is a strong possibility of a waterfront strike on this
Coast when the Pacific Coast Longshore Agreement is terminated on September
30th. Longshoremen and cargo checkers have voted 83 percent for a strike
unless a new agreement is reached by that date. The Waterfront Employers'
Association have suggested extension of the present agreement from
September 30th to June 15th of next year with wage reviews to be held in
September and January. However, both longshoremen and engineers are
holding out for a new contract calling for adjustments in wages, hours
and safety rules.

Railroad trainmen on the Southern Pacific Lines are at present
taking a strike vote to force the Company to settle some 1600 grievances
extending as far back as 1937. According to the Brotherhood officers they
"expect the strike vote to carry close to 100% as the 8,000 members are
fed up with Southern Pacific's delaying tactics." The vote will not be
completed before August 15th.

The San Francisco Office of U.S. Employment Service reported the
applicant contact load for June amounted to 38,517, compared to 40,636 in
May. The demand for personnel has risen steadily during the past three

months/

months and the unfilled openings at the month were raised from 5,400 April to 6,500 in June. The employment of women in California factories is on the decrease. There are only 300 women left in private shipyards, contrasted with a wartime peak of 41,000 and in aircraft plants 8,400 against a peak of more than 100,000. At present women make up 21 per cent of all manufacturing production workers, compared with 29 per cent during the war. The present level, however, is much above the pre-Pearl Harbour rate of 14 per cent. 162

The number of new unemployment compensation claims has dropped from a V-J Day total of 600,000 to a current 130,000. The average number of weeks drawn by a claimant is about 7.5, and obviously there are large numbers of claimants not now drawing benefits who drew only for a few weeks.

As far as we can gather there is no evidence of any move on the part of organised labour to form a third party. In fact it would appear that in CIO circles at the moment the idea is being definitely discouraged and labelled as a "Trotsky-ite manoeuvre" and it seems very unlikely that left wing groups in general will forsake the Democratic Party.

63

AN

AN 3002

163

10-16

UNITED STATES

2 OCT 1940

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Number

FROM

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Dated

Received
in Registry

AN 2002/21/45

Lord Brenchapel

(Washington)

23/6

26 September

3 October.

labour and manpower in United States.

Transmits report no 92 on labour and
manpower in United States, prepared by
the Labour Attache.

Last Paper.

AN 2990

References.

(Print.)

(How disposed of.)

1) Mr Myrddin Evans (H/C)

Oct 5

2) Mr A. J. Brown (CO)

Oct 10

(Minutes.)

Copy Mr Myrddin Evans Min of Lab

E. Rel. Dept

should a copy go to

A. J. Brown

Col. officers?

E. 1. A
27/5 14/10

1. Print so

A - 1 - D. 19/10

F.O. B. 22-4.

8/10

10/10

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completed.)

(Index.)

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X. 11/10

Next Paper.

AN 3076

No.

23/6

Ref. 915/60/46.

IGA AN

His Majesty's Ambassador at Washington presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs and has the honour to transmit to him the under-mentioned documents.

AN 3002

British Embassy

Washington, D. C.

3 OCT 1946

26th September, 1946

Reference to previous correspondence:

Description of Enclosure.

Name and Date.

Subject.

From Labour Attache's
Department - Report
No. 92

Labour and Manpower

REPORT FROM LABOUR ATTACHE
WASHINGTON, D.C.

LABOUR AND MANPOWER

The following subjects are dealt with this week:

1. Resignation of Mr. Henry Wallace,
2. Maritime Strike, New York Truck Strike,
3. Price Control,
4. Communism,
5. General.

1. Resignation of Mr. Henry Wallace.

The Maritime strike has this week yielded its headline position in the newspapers to the controversy aroused over the New York speech and subsequent resignation of Mr. Henry Wallace from the position of Secretary of Commerce. With the exception of the A.F.L. whose policy is directly opposed to Mr. Wallace's attitude to Soviet Russia, his removal from office is regarded by organised labour as a matter for regret. While no comments have been specifically made on his international outlook, support of Mr. Wallace as a liberal and a friend of labour has been expressed by various unions this week. The CIO-PAC opening its pre-election campaign in New York made a bitter attack on President Truman and strongly endorsed Mr. Wallace: three other C.I.O. Unions who are at present holding Conventions - the United Gas, Coke and Chemical Workers, the United Rubber Workers and the Mine, Mill and Smelters Union - took the opportunity of expressing their views that Mr. Wallace's dismissal was a surrender to reactionary forces and that "President Truman has kicked out every man who represented labor in his Cabinet." Mr. Whitney, President of Railroad Trainmen, declared that with Mr. Wallace's dismissal "the last liberal is out of office".

2. Maritime Strike and New York Truck Strike.

The Maritime strike was finally settled this week-end but the possibility of a further strike by the C.I.O. dockworkers and engineers on September 30th (see last week's report page 2) is still a source of anxiety. Two A.F.L. Unions, the International Longshoremen's Association and the Master Mates and Pilots - whose contracts expire September

30th - have also threatened to strike if their demands are not met. The Secretary of Labor, Mr. Schwollenbach, intervened and a meeting of employers and of Unions representing Marine Engineers (CIO) and Master Mates and Pilots (AFL) has been arranged in Washington for Friday 27th September; a special mediator has been appointed by the Secretary of Labor to attempt to reconcile the differences between employers and the dockers on the West Coast.

The settlement of the maritime dispute followed quickly on the arbitration award by Jas. L. Fly (see last week's report). The award provided for equal wages with A.F.L. for all members of the National Maritime Union and was regarded as providing a basis of settlement for the firemen, cooks and stewards on the West Coast. The Maritime Commission gave the lead by announcing acceptance of the principle of equal pay on all Government-owned ships and the East Coast Employers followed suit. The West Coast operators who, as reported last week, refused to negotiate with the Unions until the men returned to work, proved more difficult but strong pressure was brought to bear by the Maritime Commission in its announcement that members of these Unions would also receive the same wage increases as other members of the C.M.U. on government-owned vessels, and the West Coast operators finally agreed to fall in line. The determination of the Government to end the strike was indicated in the Maritime Commission's reply to West Coast operators who had asked for clarification of certain points. The reply concluded with the instruction to "stop quibbling and go to work."

The settlement is regarded by labour as one of the most significant victories in the history of the maritime industry. In some quarters it is felt, however, that the industry will enjoy no real security until some provision is made for a comprehensive Federal plan for the stabilisation of the industry as a whole. It is stated that the recent affiliation of groups of Unions into one large organisation - the CIO Unions into the Committee for Maritime Unity (Report No. 78) and the A.F.L. Unions into the Maritime Trades Department (Report No. 88) - represents an effort on the part of labour to provide more stable relations between employers and employees both on board ship and on the waterfront, but that there remain

still/

still what is described as "chaotic conditions of employment in the maritime industry." Until these are improved, it is felt that the industry will be subject to intermittent strikes and dislocations.

A rift in the united front of the C.M.U. seems to have developed between the one independent union in the organisation and the remainder of Unions which are affiliated to the CIO. Mr. Malone, President of the Pacific Coast Marine Firemen, Oilers, Watertenders and Wipers, has announced his personal severance of all connection with the C.M.U. which he alleges is dominated by Communists. He intends to do his utmost to prevent his Union (15,000) from formally voting to affiliate with the Committee, (the seven Unions of the C.M.U. have never formally ratified their affiliation as a group). The immediate reason for his action is not quite clear but Mr. Malone has stated that he has been the sole dissenter on important points of policy for some time and has been consistently out-voted by what he regards as a group dominated by Communists.

Hopes of complete resumption of work by lorry drivers in New York have not yet been realised - a number of employers still refusing to grant the scale of wages already agreed and being paid by about one half the industry. In addition fifty-five employers have filed a suit with the Federal Court asking \$10,000,000 in damages from Local 807 of the International Brotherhood of Teamsters, AFL, - on the grounds that it is conducting a strike in violation of the provisions of the Smith-Connally Act, (local 807 has been the leading Union of the three which originally struck). The employers allege that the Union failed to give 30 days advance notice of the strike as required by the provisions of the Smith-Connally Act. The Union's reply is that the recent stoppage was not technically a strike but a lock-out since the men had no new contract after 1st September under which they could work.

Another indication of what may be the beginning of a more aggressive attitude on the part of management to labour comes from Pittsburgh where a strike of the Duquesne Light Company workers scheduled to start two weeks ago was halted by the firm obtaining a temporary injunction against the work stoppage. Yesterday the Union

struck/

struck in defiance of the injunction and the President of the Union, George L. Mueller has been sentenced to one month's imprisonment for contempt of court. The judges have also ordered immediate termination of the strike.

The need for better relations between labour and management and particularly for the avoidance of strikes is regarded as of paramount importance in this country and various methods of obtaining these two aims are being freely canvassed. While various suggestions have been made, one of the more concrete proposals has been made public by the Secretary of Labor and given his approval. The report, submitted to the Secretary, by one of his fact finding Boards, states that both labour and management are opposed to any system of compulsory arbitration and that the idea of voluntary arbitration, while growing in favour, is not likely to be generally accepted in this country in the near future. In the meantime, therefore, the report states that the procedure of fact finding boards holds much promise "of filling the vacuum." It will be recalled that fact finding Boards were originally introduced in December 1945 and are therefore still in an experimental stage.

3. Price Control.

Since the decision of the De-Control Board to introduce price control on meat, (see report 88) meat has again almost disappeared from the nation's larder. Considerable pressure is being made on the De-Control Board and on the Secretary of Agriculture to terminate price control again and support of this attitude is now given by some labour quarters - notably Mr. John L. Lewis of the United Mine Workers who has gone so far as to state that there is grave unrest among the miners owing to the meat shortage and that some mines will close down if the position does not improve. The meat packing house workers are also in favour of the de-control of meat as the present situation is causing unemployment among their ranks. In some quarters it is felt that the lifting of price controls would not ease the meat situation as the present shortage is, at least partly, due to the excessive and premature slaughter of thousands of animals during the period when price controls were lifted in July and prices soared. The O.P.A. are finding grave difficulty in coping with/

with the situation and this week received another rebuff when some restaurants refused to comply with the order to cut the prices of meat dishes to the level existing at 30th June.

The De-Control Board this week considered the advisability of re-introducing controls on dairy produce but after consideration - and against the advice of Mr. Paul Porter, O.P.A. chief who wrote that "immediate re-control on dairy produce is essential for a stabilised programme" - they decided to allow the present position to remain.

4. Communism.

Reference has been made in previous reports to the allegations of Communism within the ranks of organised labour (and particularly the C.I.O.) and to the split within certain C.I.O. Unions on the subject. There have been several statements this week which seem to suggest that the issue is becoming a live one. The fact that Mr. William Green, in a press conference this week again fulminated against the C.I.O. as "a Communist-dominated organisation" is no new development; the existence of Communism within labor's ranks was, however, recognised at three other Conventions - two of them concerned with Unions within the C.I.O. The Confederated Unions of America (a Confederation of independent Unions, purporting to represent 2,000,000 members) attacked the left wing element in organised labour, declaring that "the nation is confronted with a movement by a minor group of Socialists, Communists and foreign element operating throughout and infiltrating labour organisations." The Industrial Union of Marine and Shipbuilding Workers of America (CIO) were asked by the President to support a programme which, in addition to improving conditions for labour, would at the same time extirpate all Communist ideology and activity. (It is interesting to note that this Union also adopted a resolution asking the National CIO to call a conference of all labour organisations - CIO, AFL, Railroad Brotherhood and other independent unions - to present a solid front in the fight against inflation). At the Convention
of the/

of the Mine, ~~MILL~~ and Smelter Workers Union (CIO) a proposal to bar Com-

munists from holding union office was defeated by a narrow vote.

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There are rumours that Mr. Philip Murray may resign from the Presidency of the CIO, although these rumours are officially denied at CIO Headquarters. Mr. Murray has in the past held a middle course between the left wing and right wing groups in the CIO and among the many conjectures made regarding his reason for possible retirement is the rather specious one that he would be in a better position to attack the Communists within the organisation.

5. General.

(a) The A.F.L. is urging its unions to form "non-partisan political committees" to work for the return of Congressmen friendly to labour at the November elections and the national headquarters has distributed to the Unions and State organisations an analysis of the voting records of individual members of the House and Senate. This analysis has not been made public, in contrast to the CIO's analysis which formed a special supplement in its own newspaper. It seems, however, that in estimating the voting records of individual Congressmen, the AFL is following very similar lines to those taken by the CIO - domestic issues such as labour control bills, OPA, housing legislation are involved though peculiarly enough no mention is made of Minimum Wage legislation and a Permanent Fair Employment Practice Committee. The only foreign policy issue mentioned relates to the British loan which of course the AFL favoured. While the setting-up of political committees is a new development in the AFL, it is not likely, at its present stage, to rival the political power of the CIO-PAC, which is a much more highly organised body.

(b) Two items of interest this week regarding Army enlistment are: -

(a) that the Army suspended recruitment of negroes in August as the ratio of negroes to white persons (16%) was in excess of the ratio for the civilian population (10%); and (b) Secretary of War, Mr. Robert Patterson, disclosed recently at a dinner of the U.S. National Guard Association that the Army were likely to ask for only six months basic training for compulsory military service in the Bill which will be introduced in the next Congress.

(c) Mr. Dan. W. Tracey, formerly Assistant Secretary of Labor, was recently elected President of the International Brotherhood of Electrical Workers (AFL). Mr. Tracey was President of this Union from 1923 to 1940 when he resigned to become Assistant Secretary of Labor.

26th September, 1946.

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30/6

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1946

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OCT

1946

Registry
Number

AN 3076/21/45

FROM

Lord Inverchapel
(Washington)

No.

9372

Dated

October 3

Received
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October 11.

Labour and unemployment in United States.

Transmits copies of report no 93 on labour
and unemployment in United States prepared by
the Labour Attache.

Last Paper.

AN 3002

References.

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(How disposed of.)

8/ Myrdal Evans (8/6)

Oct. 17

(Minutes.)

Copy Mr Myrdal Evans Min of Lab.
U.N. Dept. C - page 5 para 4 (e) + (f).
E. Rel. Dept. 8/21/10

E. A. D. 11/10
F. O. R. D. 11/10
✓ Col 6.xi.

Myrdal
12/10

and 1.14.10

QDW.

11.11.

(Action
completed.)

(Index.)

8/12/11

8/11/47

Next Paper.

AN 3120

No. 2372

Ref. 215/62/46

AN

172

HIS Majesty's Ambassador at Washington presents his
com-ments to His Majesty's Principal Secretary of State for
Foreign Affairs and has the honour to transmit to him the under-
mentioned documents.

British Embassy

Washington, D. C.

3rd October

1946

Reference to previous correspondence:

Description of Enclosure.

Name and Date.

Subject.

From Labour Attache's
Office - Report No. 93

Labour and Manpower

AN 3076

11 OCT 1946

REPORT FROM LABOUR ATTACHE'S OFFICEWASHINGTON, D. C.LABOUR AND MANPOWER

The following subjects are dealt with this week:-

1. Maritime Strike and New York Truck Strike;
2. Pittsburgh Strike;
3. Price Control and the Political Situation;
4. General.

1. Maritime Strike and New York Truck Strike.

Intervention by the Secretary of Labor, Mr. Schwollenbach, in the Maritime dispute has not succeeded in preventing a strike and for the second time in a month shipping is now immobilised in the ports. He did, however, finally succeed in bringing employers and unions together in a conference - despite the original refusal of the West Coast operators and the Master Mates and Pilots (AFL) to attend - and there are hopes that the present strike will be of short duration. The Government attempted to avert a strike by suggesting postponement, while the Conference was still in session, but their request was not acceded to. It is understood that the main stumbling block is not wages but the question of union security and that West Coast operators are again providing the resistance.

On the West Coast, agreement has not yet been reached between the International Longshoremen and Warehousemen's Union and the employers despite the help of a Government mediator.

There is little change in the position in the New York truck strike although more workers (now estimated at 60%) are back at work. The two big employer associations are still refusing to accept the increased wages granted by other employers and direct negotiations between Unions and employers which had been re-opened have again been abandoned.

As a result of this strike, and in an attempt to anticipate and avoid strikes in future, Mayor O'Dwyer of New York has created a

new/

-2-

new Division of Labour Relations in New York. The Division will not deal with all disputes but will try to introduce conciliation in those industrial disputes in which the public is particularly involved; the Division should at least be effective in handling labour relations between the city and its employees.

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2. Pittsburgh Strike.

The strike of the Duquesne Light Company workers in Pittsburgh, mentioned in last week's report, although involving only 3,500 workers, aroused nationwide interest as a result of the Mayor's action in obtaining a temporary injunction against the strikers. The question of whether an injunction can still be used - in spite of Federal and State laws restricting its use - as a strike breaking weapon roused strong opposition among both AFL and CIO unions in Pittsburgh who sank their differences sufficiently to give joint support to the small independent union of the Duquesne Light Company. Before the issue might have become a national one, however, the injunction was rescinded; the strike, however, continues.

This strike has raised again in the public mind the question whether strikes in public utilities should be permitted and the press is again suggesting that Congress should pass legislation on that subject. No concrete proposals of an alternative to the right to strike, however, are advanced. It will be recollected from earlier reports that strikes in public utilities - in which the public suffers particularly have previously been dealt with by unorthodox methods (see Report 69. In this connection trouble appears to be brewing again among the power workers in Virginia).

3. Price Control and the Political Situation.

The meat shortage continues and is now - with the November elections six weeks away - becoming a political issue. Republicans take the line that Democrats have bungled the situation and the Democrats, in turn, blame the Republicans for the present emasculated Price Control Extension Act. There was this week even a possibility of a split within the Democratic ranks regarding the advisability of

modifying/

modifying price controls. Congressman McCormack, Democratic Leader of House, demanded a 60-day suspension of price control on meat. The President, however, made it plain that he was opposed to any relaxation of price controls and the Democratic National Committee has now closed its ranks on this subject.

There are a variety of views as to the reason for the meat shortage. In addition to the reason given last week - the excessive slaughter of animals during the period when price controls were lifted - other views are that meat production has been deliberately discouraged this year in an effort to produce more grain for famine areas and that even the lifting of price controls would not improve the situation. Another view is that meat packers are deliberately creating an artificial shortage, in the hope of compelling the Government to abandon price control.

O.P.A. suffered another minor defeat this week when it retreated from its original position, requiring restaurants to reduce the prices of meat dishes to the level existing on 30th June (see last week's report), and permitted an increase in the ceiling price of meat dishes served in restaurants.

The two issues of price control on meat and the resignation of Mr. Henry Wallace from the Cabinet have not improved the Democratic Party's prospects in the November elections and there is truth in the Republican's allegations that the Party is divided on these issues. Moreover, the resignation of Mr. Wallace has widened the breach between the Democrats and organised labour (see Report 85) and particularly the CIO-PAC. In some quarters it is debated whether Mr. Wallace's resignation may not result in a realignment of parties, and constitute the first step in the break-up of that strange mixture of conservatives and liberals which makes up the Democratic Party of today. There is no doubt that Mr. Wallace's speech has provided ammunition for the enemies of the CIO-PAC which is already being assailed on the charge of Communism. Mr. Vito Marcantorio, who was the only representative of the American Labor Party in Congress, stated this week to a convention of Transport Workers Union that "the historic condition is present for the creation of a new party

resolving/

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resolving the question of peace and progress on the side of the people."

It would seem unlikely/^{from}the attitude of labour leaders, that a third party can be formed now or in the immediate future.

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4. General.

(a) The monthly summary of the Civilian Production Administration, Mr. Small, indicates that production in the U.S.A. reached, in August, its highest peak since V-J Day. Production of a number of items such as radios, electric ranges, electric irons and vacuum cleaners was in fact higher than the average monthly production of 1940-41, but the production of automobiles while exceeding the production in previous month, is still below the monthly average level of 1940-41.

According to the report, virtually full employment has been reached in this country and Mr. Small again emphasises the difficulty of increasing the present labour force except by the return to industry of retired persons and women and the probable shortage of manpower which is likely to develop by the end of the year. Further production he thinks will only be achieved by increased productivity per man-hour or by the introduction of overtime.

(b) Rumours concerning the possible resignation of Mr. Philip Murray from the Presidency of the C.I.O. at its Convention in Atlantic City on November 18th persist and a movement has developed spontaneously to make a unanimous demand for his retention. Mr. Murray is 60 years of age and recent events in labour in the past few months are known to have taken toll of his health. In some quarters it is considered that the threat of Mr. Murray's resignation is being used as a warning to the right and left wings in the C.I.O. that they must cease dispute; in all quarters it is admitted that probably no successor would have the stature, prestige and impartiality of Mr. Murray nor his ability to hold the left and right wing factions together in a workable team.

(c) Industrial disputes in August resulted in 3,425,000 man-days of idleness. This is an increase in the July figure but less than any other month this year. The Conciliation Service obtained settlements in 312 stoppages during the month and adjusted 928

disputes/

disputes of threatened strikes before they reached the stoppage stage.

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(d) The Annual Convention of the United Mine Workers opened this week with Mr. John L. Lewis absent for the first time in almost 40 years. He has recently undergone an operation for appendicitis.

(e) The Executive Bureau of the WFTU met this week in Washington as guests of the CIO. The meeting was originally scheduled to co-incide with the meeting of the United National General Assembly. Mr. Deakin has been elected President of the WFTU to succeed Lord Citrine, and Mr. Adolph Gerner, who has had a variety of assignments with the CIO, was appointed Assistant Secretary. In addition to discussing the question of the relations of the WFTU to the United Nations Economic and Social Council, the meeting passed resolutions condemning the reactionary Government of Greece for its suppression of the liberties of the workers in their exercise of Trade Union rights, and demanding a further international relief agency to follow the liquidation of UNRRA. A commission headed by Mr. Deakin is to make a further study of the German Trade Union situation and two groups will be sent to look into Japan's growing labour movement - one a preliminary committee which will travel this year and the second a formal WFTU Commission which will visit Japan and the Far East in the Spring of 1947. Two new Federation Labour Unions were welcomed into the Association - the Central Committee of Uranian trade unions and the Philippine trade unions - this latter group was accepted "in principle" and will be formally accredited after a study of their application by WFTU headquarters. It is hoped to call a conference of African trade unions at an early date.

(f) Five Soviet trade unions have also been visiting the CIO this week to make preparations for the forthcoming first meeting of the American Soviet trade unions; Mr. Murray at a press conference on this subject made it clear that he did not approve of any interference in American Trade Union affairs by any other country.

(g) The Brotherhood of Railroad Trainmen are considering affiliation with the AFL, the CIO or the Brotherhood of Locomotive Firemen and Enginemen. They have invited Mr. Murray, President of the CIO, and Mr. Green, President of the AFL, to speak at their Convention on October 10th.

3rd October, 1946.

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AN

179

1946

AN 3120

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Number

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Lord Inverchapel

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(Washington)

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2353

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October 15.

Labour Industrial Relations and Manpower in
United States.

Transmits summary of consular reports
for August on labour, industrial relations
and manpower in United States.

Last Paper.

(Minutes.)

4/15 30/6

References.

Copy Mr Myrddin Evans
Min. of Labour

Ex Rel Dept 30/6

E. L. D. 4/11 1 copy extracted

A. L. D. 30/11

FO B. C. 30/11

Rogan
16/10

and 1. 19/10

(Print.)

(How disposed of.)

8/ Myrddin Evans (4/11)
Oct. 28

(Action
completed.)

(Index.)

ms 6/12

4/1/47

Next Paper.

AN 3123

No. 2353

180 AN

His Majesty's Ambassador at Washington presents his
compliments to His Majesty's Principal Secretary of State for
Foreign Affairs and has the honour to transmit to him the under-
mentioned documents.

British Embassy
Washington, D. C.

2nd October

6

Reference to previous correspondence:

AN 3120

Description of Enclosure.

Name and Date.

Subject.

From Labour Attache's
Office - Circular No.
103

Summary of Consular
Reports - Labour, In-
dustrial Relations
and Manpower
August 1946 Review

CONFIDENTIAL

Circular No. 106

5/61/46

BRITISH EMBASSY,
WASHINGTON, D.C.
Labour Attache's Office
2nd October, 1946.

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SUMMARY OF CONSULAR REPORTS

LABOUR, INDUSTRIAL RELATIONS & MANPOWER

(August - 1946 Review)

The present summary of extracts from the monthly Political Reports and items bearing on Labour, Industrial Relations and Manpower relate to communications received from:

Boston, Massachusetts,
Chicago, Illinois,
Cincinnati, Ohio,
Detroit, Michigan,
Honolulu, Hawaii,
Miami, Florida,
Houston, Texas,
New York, New York,
St. Louis, Missouri,
St Paul-Minneapolis, Minnesota,
San Francisco, California.

Items of Interest

Boston, Massachusetts

The Bureau of Labor Statistics has revealed that reconversion gains in manufacturing employment have been firmer in New England than in the nation generally. In March of this year 1,391,000 men and women were at work in New England factories, as compared with 1,177,800 in September, 1939, and with 1,784,100 in June 1943, the war time peak. A report issued recently by the New England Council on current business conditions brings the comparison down to May 1946, when 1,484,000 persons were employed in manufacturing in the area. The riddle in the picture is the continued large number of unemployment compensation recipients of whom, according to the New England Council, there were 140,000, including veterans late in June. This persists despite an equally persistent demand for more workers. The answer, briefly stated, is that most of the calls for additional employees are for women under 40, while the large majority of the officially unemployed are men, and those who are women are over 40. Many of the men, however, are veterans who decline to take what they regard as "dead-end" jobs at low wages. With this exception, New England's employment situation is extremely satisfactory, certainly far more satisfactory than was anticipated a year ago.

Chicago, Illinois.

During the month there was much speculation about the future actions of the Political Action Committee of the CIO. On August 26th a number of CIO Unions held a large meeting in Chicago to speed the drive for Political Action Committee membership. Certain important unions were conspicuous by their absence, as well as the Illinois State Political Action Committee. However, on August 30th it was reported that the Chicago CIO Unions had patched up factional disagreements and had united behind the fund-raising drive for the Political Action Committee which will presumably back "progressive" candidates in the November elections. Both the CIO and AFL recognize the necessity of getting labour to the polls in November, but the CIO shows more practical ability as to how to "influence elections", and

the CIO/

the CIO rank and file is much more tightly knit behind its national leaders than is the case in the AFL.

Murray and CIO policy-makers were unable to prevent the National Maritime Union strike on the Great Lakes which began on August 15th. Curran stated the National Maritime Union was fighting for seamen to possess the same benefits enjoyed by other American workers, i.e. 40 hour week, higher wages, etc. The National Maritime Union called on other CIO and AFL unions to join the strike, but outside unions and unorganised workers refused their support. Stubbornness was evident on both sides, and there was one outbreak of violence in the Chicago area. The National Maritime Union finally modified its original demands and signed with management for a 48 hour week at sea and 44 in port with Sunday as an overtime day.

A reliable source (but management) reports on the general labour picture thus: "Detroit, Michigan and Akron, Ohio are the centres from which most of the labour disturbances have spread, with varying degrees of turbulence in Kansas City, St. Louis and Minneapolis. However, the overall pattern today is being definitely cut in Washington by the Executive Committee of the CIO, which has been very well organised and is staffed with a number of lawyers and economists who, while there can be no question of their ability, are lending their efforts and thinking to the promotion of pretty radical theories, including such radical doctrines as double employee benefits in the form of vacations, pension plans, retirement allowances and excessive demands for wage increases, and at the same time, holding price levels frozen to a degree that would put many small industries, which are existing on no profits or at best on marginal profits, out of business. Much of their propaganda in the economic and political field is definitely amateurish and it is doubtful if it reflects their sincere convictions.

Three small Chicago strikes ended during the month and a threatened strike at International Harvester was averted temporarily.

The curtailed production of the motor-car industry as shown in the Studebaker Report to Walter Reuther inspired several editorials on the numerous small strikes which receive little publicity, but which affect big manufacturers, halting production and losing wages for labour. The "small" employer is frequently anti-union and needs education from "big" management. Likewise, little "labour leaders" need to be taught responsibility as wildcat strikes can only harm the cause of labour.

Labour Day editorials stressed the necessity of uninterrupted production to combat inflation. The Chicago Sun hoped that labour will show self-restraint in the matter of major strikes in the interest of the public, although they found no evidence of unselfishness on the part of management.

There has been intensified controversy over control of prices. Labour, headed by the CIO, clamors for the return of controls, and the manufacturers insist equally strongly that free competition will eventually lower prices. In the meantime, the price index continues to rise. Statistics now available show that prices remained fairly constant for the first six months of 1946, then with the temporary elimination of OPA, the index rose from 130.9 to 141. during July. The cost of living index for Chicago increased 7.7% compared to 5.5% for the entire country. Food showed the greatest increase.

In the State of Illinois, there are 80,000 on the State unemployment compensation payroll and yet 136,940 jobs are going begging, of which at least half pay 90 cents an hour or more. Thousands of workers are needed in the steel mills of Chicago and Gary, Indiana, yet veterans and war workers are idle, preferring to draw unemployment compensation of \$20.00 a week or more.

Cincinnati/

Cincinnati, Ohio.

There has been very little except holidays to interrupt industry during August. The Allis-Chalmers strike, now in its 7th month, still continues and seems as far from settlement as ever. There has been the usual amount of violence, and the usual court actions and counter actions but Cincinnati is now so used to this strike that it is hardly news any longer.

The CIO-PAC shows signs of activity in preparation for the November election, but this district hardly provides a good field. The CIO in Kentucky appears to have been distinctly annoyed at the President's appointment of ex-Governor Keen Johnson, stigmatising him as "a management man (and) nothing but a lobbyist for the Reynolds Metal Company." On the other hand, the A.F.L. says it likes him, "no other man outside of the labor movement better qualified for the job."

Detroit, Michigan.

As a general rule management and labour leaders regard the month of August as a period of respite from labour unrest. August, 1946, proved the exception to the rule. There were a number of disputes involving stoppages of work, the chief of which was the Great Lakes Shipping Strike in which the National Maritime Union CIO, was concerned. There were a number of minor strikes which, regarded as separate incidents had nothing more than local significance but, when viewed as a whole seemed to have relation to a general plan designed to improve the working conditions of labour.

August proved anything but a quiet month for the Chrysler Motor Corporation and the United Auto Workers, CIO. Both these parties were actively engaged in the preparation of cases in readiness for wage negotiations due to commence in October. The UAW/CIO will claim a wage increase to offset the rising cost of living. Nothing has been said regarding the extent of the claims, but the Company has made it known that whether the claim be large or small in amount, nothing will be granted by way of increase unless and until the Union is prepared and indicates its willingness to co-operate in improving production efficiency. If that is to be the stand taken by the management then there is a troublesome time ahead for the UAW officials who are split on the vital question of merging production questions with matters affecting wage increases. We date the start of this trouble in August.

The month has witnessed great activity on the part of Unions in the fight against rising cost of living. On 9th August the UAW-CIO aided by other unions and social and welfare organisations, staged a one day buyers' strike as a demonstrational protest against rising prices. Shops and stores believed to have offended against the code of honest dealing were picketed but no unusual incidents resulted.

Concurrently with reports from AFL unions that their financial position is unusually good comes evidence of the near bankruptcy of the UAW/CIO. Decreased membership dues, the heavy burden imposed by the long GM strike, and heavy overhead charges are said to have made such serious inroads on the UAW/CIO finances that the reserve fund stands, at this moment, at the unusually low figure of \$100,000. The Union has taken drastic action to effect an improvement and as an indication of their determination to cut their cloth, the Executive Council agreed to a proposal to terminate the employment of 62 international representatives.

The understandable elation displayed by the Foremen's Association of America over the decision issued by the Sixty United States Circuit Court of Appeals, the effect of which was to grant to foremen employed by the Packard Motor Company the right to organise and bargain collectively, has abated with the news that the Company is to request a rehearing of the case. The final decision will have an important

effect/

effect on the automobile industry, the management side of which are strongly opposed to the organisation of foremen.

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The Grand Rapids Local of the United Furniture Workers of America CIO, has translated into action repeated threats to overthrow the alleged communist control of the UFWA. By a large majority the members of the Local voted to transfer out of the CIO into the AFL Upholsterers International Union. This walk-out from the CIO is something more than a local incident, it may well be the forerunner of other transfers.

It was a bad month for the reputation of the Teamsters Union AFL. At a time when press critics are hot on the trail of organised labour, and ready to blame them for all the sins and omissions of industry, it was indeed unfortunate that top officials and a number of minor officials of the Teamsters Union should be the recipients of warrants charging them with conspiracy and extortion. The Grand Jury on whose recommendation the warrants were issued reported that it had unearthed an amazing tangle of events including threatened and actual violence, extortion and widespread graft and conspiracy. Opponents of labour - and they are legion - made full use of the opportunity afforded them by this unfortunate circumstance in the history of local trade unions.

The Michigan director of USES, on the anniversary of V-J Day, stated that there are almost 46,000 more wage earners now employed in the Detroit area than there were at the end of the war a year ago. He pointed out that workers in the metropolitan area number 1,028,700, as compared with 983,000 a year ago. Veterans still make up 40% of the unemployed workers and non-white constitute 20% of the unemployed.

Honolulu, Hawaii.

The labour field continues to present a troubled picture with a threat of a sugar strike in the offing and much unfinished business left over from the bus strike of July.

Although the busses were running once more, the question of the employees' bargaining agency did not appear to have been settled. The Governor of the Territory was urged to institute proceedings against the employees who had refused to collect fares during the strike on the ground that they were parties to a conspiracy, but beyond a police enquiry to ascertain the names of the men involved, no definite action was taken by the Territorial authorities.

In the face of the public indignation aroused by the threatened utilities strike, which found vehement expression at several meetings of an Association of local Women's Clubs calling itself "We, the Women", the general strike of utility workers set for August 1st was called off.

There was much adverse comment by the press and public on the alleged apathy of the Governor towards the threatened strike and he was described as being "aloof in an ivory tower" when he should have been actively protecting the interests of his fellow-citizens. The Governor replied that he had no powers to prohibit strikes and could take no action to arbitrate disputes unless called in by the conflicting parties.

Both employers and employees began preparations for the threatened strike of sugar-plantation employees on September 1st, and both sides made frequent use of the radio to state their side of the case.

The International Longshoremen and Warehousemen's Union, CIO, representing the employees, insisted on a 40 hour week and a minimum wage of 65 cents an hour for all workers under threat of strike throughout the industry.

The plantation owners, represented by the powerful Hawaiian Sugar Planters Association, while admitting that cash wages in the

industry/

industry were low, pointed out that the plantation workers received free housing, hospitalisation and utilities which gave them a standard of living comparable to that of better paid urban workers. The employers offered, however, to consider the proposed reduction in hours and increase in wages against a corresponding reduction in the amenities provided for the workers, and promised that in the event of a strike there would be no evictions from company housing, and that services and utilities would not be curtailed.

The employers also pointed out that sugar was sold on a highly competitive market and that it was therefore impossible for them to raise the selling price to a point at which they could meet all union demands for increased wages. It was stated that marginal sugar plantations were already having difficulty in paying their way under existing wage-agreements and that they would be thrown out of business by any further increases.

Press and public generally supported the planters, and much indignation was expressed at the alleged desire of the I.L.W.U. to tell management how to spend its money, without accepting any responsibility for the inevitable losses which would ensue from following its suggestions.

Houston, Texas.

The average Texan earned 122% more money in 1945 than he did in 1940, statistics show. One would have thought that the jump was more than that, based on the way money is being spent.

As a result of the Texas primaries, the significant fact emerges from the political cross-currents - the CIO-PAC weakness is revealed, having achieved few important political victories during the season's activity, but sustaining sharp defeats. One reason is that "The CIO has carried its truculence too far, and alienated public support by its extreme actions, ugly threats and general bombast."

The Executive Secretary of the Texas State Federation of Labour has announced that it is issuing a call to nearly 30,000 State members to send delegates to a Dallas conference September 17th to 18th. This conference will serve as a kick-off in the campaign for new members in the Southwest. The membership campaign is described as having a two-fold purpose, first "to offer membership in a sound American institution devoted solely to the betterment of wages, hours and working conditions for its members", and second, to fight "the abortive attempt on the part of a handful of the CIO leaders who some time ago announced a "holy crusade" to organise the workers of the South primarily for political purposes."

There is fear of a renewal of large-scale industrial warfare after the fall elections, the reason being that the unions have seen the moderate wage gains that they won at such high cost already practically wiped out by the increase in price and the cost of living. But in view of the anti-labour sentiment which developed as a result of last winter's strikes, the time is not considered propitious by the union leaders for a new series of wage demands. An aroused public could force drastic curbs of labour power. Such political factors are one reason why at present labour leaders urge workers to exert every effort to increase their productivity as a means of keeping prices down. How long they will sing that tune, which is a far cry from the one they were singing a few months ago, when the argument was that industry could pay higher wages without increased prices or sacrificing profits, is problematical. The present truce is therefore an unstable one.

Miami, Florida.

Some interest is being shown in the Jacksonville Area in the Miami Beach labour dispute case (Cadillac Cafeteria) as a test of the

Florida/

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Florida anti-closed shop amendment. It is understood that State Attorney General Tom Watson was to appear with the attorney for the owners of the business who were attempting to secure an injunction against a union picketing the business premises. There have been no strikes or industrial disturbances during the last few months in this area. Fuller Warren, Jacksonville attorney and a past candidate for governor, stated in a Labour Day address that, "Labour and Management in Florida enjoy such cordial relations that the economic life of this state has not been disrupted by crippling strikes which affected many other states."

Labour-Management relations in the Tampa area are, on the face, good and only minor industrial disturbances have been recorded. Carpenters were recently granted a nineteen cents an hour increase and this was achieved through arbitration without loss of time or money to employer or employee.

The AFL have recently organised ten local unions, and established ones are expanding. The latter is the outcome of the drive for Southern membership. The principal efforts of organisers have been directed toward office workers, school teachers and white-collar workers in general and it would seem that the AFL have found a wedge at the expense of the CIO.

New York, New York.

Organised labour celebrated Labour Day by starting a number of strikes of varying importance.

Local 802 of the American Federation of Musicians has called its members out against fifty of New York City's luxury hotels, and from One Fifth Avenue to the Pierre, diners have no longer to compete with orchestras to make themselves heard. The union demands wage increases of about 30%; the hotels have offered 37 cents an hour, or 12½%. It is reported that the Czar of the music world, James C. Petrillo, is present in person to conduct the strike. At the time of writing, some eight hotels have acceded to the union terms. (A small flutter was caused in Communist circles when one of the New York City tabloids printed a picture of Mr. Gromyko crossing the picket line at the Waldorf-Astoria. The Daily Worker found it necessary to print a statement from a union official to the effect that Delegates to the U.N. might cross picket lines without incurring the approbrium of the union).

An interesting picket line has been encircling Bloomingdales (one of the larger Department stores in New York City) during the past few days. Local 3 of the Retail, Wholesale and Department Store Union of the C.I.O. allegedly in violation of their contract, are demanding a minimum wage of thirty dollars a week. C.I.O. officials in private conversation have stated that the picketing in no way constitutes a strike, Bloomingdales in fact having one of the best labour records in the City. The purpose of the picketing is to exert moral pressure on the store to grant the minimum wage demanded so that the union may have a lever to induce other Department stores, who have not the advantage of Bloomingdale's good record, to follow suit under the threat of a strike if they do not comply.

Most serious, however, from the point of view of the economic life of the City, is the strike by Locals 807 of the International Brotherhood of Teamsters (A.F.L.) whose members are engaged in a general trucking strike. The unions seek a 30% wage increase, and a 40 hour week with provisions for paid vacations. The companies have made a counter proposal of a flat increase of three dollars a week. Mayor O'Dwyer hit the headlines when he proposed that panacea for all labour ills, namely an 18½ cents an hour raise in pay, a 40 hour, 5 day week, plus the vacation benefits desired by the union. The offer was at once accepted by the union and a small proportion of the employers. The majority of the employers, however, rejected the compromise proposals. The union has guaranteed that the supply of perishable foods, drugs and other essentials will not

be impeded/

be impeded but chain stores report that supplies of such goods have not been arriving. A partial breakdown in milk distribution may be likely owing to the refusal of the union to deliver paper containers to the milk companies. The Railroad have made matters worse by refusing to accept consignments into the City in order to prevent accumulation of merchandise in their warehouses. Latest reports are that New Jersey teamsters are striking in sympathy. There appears to be no immediate prospect of a settlement, and the city housewives are beginning to feel the impact of the strike. In the meantime, Mayor O'Dwyer has again made the headlines - this time by laying the blame for the lack of a settlement squarely on the shoulders of the union rank and file.

At the time of going to press, the threatened Seamen's Strike has become effective and life in the Docks of New York and Brooklyn is at a standstill.

Eleven British ships are in Port and are effected by the strike. British seamen have been warned not to take sides or do anything that could be interpreted as interference, such as tending wires, or carrying baggage from ship to quay. In return Captains of pickets have guaranteed safe conduct to seamen leaving or rejoining their vessels. Masters are of course unable to get any stores on board but they are not unduly worried on that score.

St. Louis, Missouri.

The controversy over unionisation of the St. Louis police has been renewed with increased vigour, the cause of this being the recently enacted Bill increasing the pay of the policemen and creating the new rank of corporal in the department. The Governor in signing the Bill revealed that he did not want any of the members of the police union to be promoted to the new rank it creates; his stand, backed by a majority of the Board of Police Commissioners, led to the resignation of the Board's President. The Governor's ban was followed by the Police Board's order for all members of the force to quit the union by midnight of the 30th August, or be suspended. As matters stand at present, five policemen who refused to resign have been suspended, and the President of the union has declared that the union would "go underground" and former union members would become members of a secret society to be known as the Shield Club, which would continue as an organisation until a decision as to whether a police union is legal is given by the State Supreme Court.

According to one observer, organised labour, particularly the C.I.O. is engaged in paving the way for a new national demand for wage increases, the reason given this time being the cost of living. and the necessity of keeping wages abreast of the cost of living. He states that the present process of labour policy making is full of risks and already shows signs of getting out of hand, and predicts that if general wage demands are seriously advanced this winter, another cycle of destructive strikes can hardly be prevented.

A definite upward trend in the number of employed women is apparent in many parts of the district, even in manufacturing industries where the employment of women had declined steadily since the end of the war. While a part of the increase is due to the temporary summer employment of young girls, the need to supplement family income in order to meet the rising cost of living is probably a factor also.

During July, the number of non-veterans receiving unemployment compensation payments as well as the number of Servicemen's

Readjustment payments declined from the previous month. Employment of veterans increased but many employers continue to report a considerable turnover among employed veterans, particularly those in the younger age group.

St. Paul-Minneapolis, Minnesota.

Nearly half of Minnesota's adults think the labor problem is the greatest problem facing the United States today, the Minnesota poll finds. The labour problem was most frequently mentioned by all segments of the State's population. Forty-nine per cent of those who live on farms, and 44 percent of those who live in cities and towns think the labour problem is the most serious facing the country today. Only when the replies are broken down according to education, is there any significant deviation from the state-wide answers. College graduates put less emphasis on labour problems and more emphasis on inflation, reconversion, price control and problems of peace.

The Twin Cities millworkers' strike ended a few days ago when union workers voted nearly three to one to return to work. This ends a 10-week strike which had paralysed the building programme in the Twin Cities. Both management and labour received censure for the strike which held up hundreds of new homes here for lack of windows, doors and floors. It was termed the "most important strike in Minnesota" by Governor Thye, and several veteran groups directed sharp criticism at both sides. The union received, for employees in a classification of 80 cents an hour a 15 cent increase, while all others received a 20 cent per hour increase.

An order from President William Green of the American Federation of Labour has broken up the powerful United Labour Committee in Minneapolis. Green's action knocks out one of the most potent political forces in that city, as the Committee represented all organised labour except a few independent unions. It was a unifying agency for the political strength of the A.F.L., C.I.O., and railroad brotherhoods.

Break-up of the Committee came on action of the Executive Board of the Minneapolis Central Labour Union withdrawing the C.L.U.'s participation. In doing so the Board carried out instructions received in a letter from Green.

It is thought that the decision of the A.F.L. President leaves it clear that A.F.L. Unions and locals will in no manner be permitted to co-operate with the C.I.O. This is in line with policy of both the Minnesota and American federations that they will not work one side of the street with the C.I.O. while on the other side C.I.O. is taking over some of their unions.

Break-up of the Committee may also have some effect on the candidacy of Roy Wier, financial Secretary of the C.L.U. and D.F.L. nominee for Congress in the third district.

Having learned that wage increases based solely on the demand for more purchasing power, without a corresponding increase in production, net working men nothing but further fights for wage increases, some unions now are demanding contracts which include "escalator" clauses. Most of these proposals would establish a basic wage rate with bonuses to be paid on the basis of the cost of living index. Minnesota Labor, official newspaper of the Minnesota C.I.O. Council warns union negotiators against any such "escalator" clauses in future labour contracts. It argues that such clauses are "a tacit admission that the present basic wage rates are adequate and need never be advanced," and that they commit unions to a policy of accepting pay cuts when prices start down. A great deal of discussion surrounds this question, and it is thought that the controversy over "escalator" clauses demonstrate the great need for sincere analysis of the wage-price situation, and a sincere effort by both labour and management to develop price and wage

policies/

policies based on knowledge and facts rather than by actions of pressure groups vying with each other to see which can become the stronger.

Local labour is ready to back up labour's new demands and threats. The statement of the head of the C.I.O. Auto Workers Union that unless some action is taken to protect the people's living standards the stage will be set for the next depression is well digested. It is thought that the labour leaders realise that a depression is on the way, and they are preparing to pass the blame along to management by claiming that industry is withholding production.

The larger concerns, more particularly those handling consumer goods, are apparently still doing a good business and making profits, but small competitors in many lines are having a hard time.

The biggest question-mark today, is said to be, not whether opportunities exist, but whether there can be worked out some effective formula by which labour and management can take full advantage of these opportunities, and go on to higher levels of production and efficiency.

Part of the challenge is to labour, part to management, part to government. The President of the United States is looked to for leadership in these trying times, but not a word has come from the President in condemnation of the things that are said to be retarding production and undermining the economic system generally. In the meantime all are looking towards November for signs of action from an aroused electorate.

San Francisco, California.

A widespread tieup of Bay Area shipping began today (September 4th) as members of the AFL Sailors' Union of the Pacific prepared to move onto "the beach" as a prelude to their strike tomorrow against the War Stabilisation Board's denial of wage increases to members of the SUP. Harry Lundberg, Secretary of the SUP, has announced that only a Government decision restoring all recently won wage increases would avert the shipping paralysis. The whole matter goes back to June 15th last when the CMU won a blanket raise of \$17.50 a month for seagoing members of CMU unions. Lundberg who had refused to allow the SUP to participate in the CMU and who had talked of breaking any CMU strike, reached an agreement on June 26th with the Pacific American Shipowners' Association for the same \$17.50 a month for ordinary seamen. But he also was granted \$22.50 for able-bodied seamen, \$45 to \$52.50 for boatswains and \$37.50 to \$0 for carpenters. It was these latter "extra" raises that the Wage Stabilisation Board refused to approve for price increase purposes. Mr. J. B. Bryan, President of the Pacific Shipowners' Association, said the WSB has failed to take into account all of the technicalities involved in the owners' settlement with the AFL unions. He says the unions had given up fifty to sixty proposals in exchange for the \$5 a month in pay increase. Mr. Bryan has gone to Washington to furnish the Board with details and confer with labour officials on procedure for heading-off the walkout. Two shipowners expressed the view that Mr. Steelman had made a grave error in denying the increases.

The situation on the CIO front remains ominous. Six of the seven major demands relating to wages, hours and safety rules recently made on ship operators by Harry Bridges' ILWU have been rejected, mostly on the grounds that these demands had already been turned down by presidential fact-finding boards.

Mr. Foisie, President of the Waterfront Employers' Association, in a speech before the San Francisco Foreign Trade Association, a few days ago discussed the recent experiences of the shipping industry with the Longshore Union led by Harry Bridges. He remarked that in the light of the past few months' experience the best that can be said now is that "The most certain fact is uncertainty of what each hour and day will bring in strike threats and work stoppages." Speaking of the job action (quickie strike) policy of the leaders of the union, their recent slow-

downs and shutdowns of ports because of jurisdictional rows between unions, and referring to the constant stream of invective poured out the ILWU paper against the leaders of the shipping industry he emphasized that the industry is aware that the dissension which exists today is not the spontaneous and voluntary action of the rank and file, but a programme designed, put in motion, and followed through, by the union hierarchy. The union leaders, he said, are ignoring the economics of the industry and they completely deny the common interest between the longshoremen and the shipowner. 190

Northern California Cannery workers recently cast their ballots in what was said to be the Nation's biggest collective bargaining election since 1941 when Ford automobile workers voted on union representation. The voting was conducted by the NLRB. The AFL Teamsters won a plurality over the CIO Food Tobacco and Agricultural Workers; but there are more than 2,000 ballots still to be counted before it will be known whether the AFL also won the majority of all votes cast and with it the right to represent the 50,000 cannery workers in the 63 plants of the California Processors and Growers. The NLRB has announced that a run-off election will be held if the AFL does not pick up a majority over the CIO in the checking of the two thousand challenged ballots. Thousands upon thousands of dollars were poured into the pre-election campaign by the Teamsters and CIO. Rivalry was bitter with charges of terrorism common. The AFL charged the CIO with being controlled by "Reds", and the CIO claimed the employers were in collusion with the AFL.

Earlier in the month the CIO raised a storm of protest when Mr. Don Searle, Western Regional Vice-President of the American Broadcasting Company, banned a scheduled address by Philip Murray to the Cannery Workers an hour and a half before it was due to be delivered. The reason given was that ABC felt that a labour problem of the kind in question was not of sufficient direct interest to the listening public to warrant the broadcast. Murray's speech was read later in the evening over a local station on a programme sponsored by the CIO. The Food Tobacco and Agricultural Workers' Union have declared their intention of filing a court action against ABC and Station KGO for reimbursement of \$7,000, the amount said to have been spent in advertising Murray's address in Northern California communities.

AN 3123

Registry Number

AN 3123/21/45

FROM

Lord Inverkeppel
(Washington)

No.

Dated

24.10

Received in Registry

October 10
October 15.

Labour and transport in United States.

Transmits copy of report no 94 on labour and transport in United States, prepared by the Labour Attache.

Last Paper.

(Minutes.)

AN 3120

References.

Copy Mr Mayrden Evans
Min of Labour

E. Rel Dept 20/10

E. J. B. 11. 1 copy extracted

A. I. D.

Rogan
16/10

(Print.)

F. D. R. D. 15/10

and, 19/10

(How disposed of.)

8) Mayrden Evans
(9/11)

Oct 28

I think these reports merit a wider distribution. There always seem several spares over. I suggest

Mr Summerscale B. 7
Mr A. Grant T. 5
Mr A. J. Brown Cab. Office

C. Gandy
30/10

(Action completed.)

(Index.)

MS 1/1/47

4/1/47

Next Paper.

AN 3242

E. Rel. Dept again.

Rogan
28/11

I had not seen HIX 2621. As you
have already pointed the ball to
M/L, I expect it wd be better
to leave it there. If however,
you have never had a reply
to Mr Randall's letter, I suggest
you viz Mr Brown again, and him
what is happening, & suggest
inclusion of Capt. Office

C. Gandy
3/1/4

now see action taken on AN 3714.

No. 2416
Ref. 215/63/46

AN
192

HIS Majesty's Ambassador at Washington presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs and has the honour to transmit to him the under-mentioned documents.

British Embassy
Washington, D. C.

10th October
AN 3123 1946

Reference to previous correspondence:

Description of Enclosure.

| Name and Date. | Subject. |
|--------------------------------------|---------------------|
| From Labour Attache Report No. 94 | Labour and Manpower |

REPORT FROM LABOUR ATTACHE'S OFFICE
WASHINGTON, D. C.

LABOUR AND MANPOWER

The following subjects are dealt with this week:*

1. Strikes - Maritime, Pittsburgh and New York Truck Strike;
2. Wage-Price Policy;
3. United Mine Workers Convention;
4. General.

1. Maritime Strike, Pittsburgh Strike and New York Truck Strike.

Hopes for an early settlement of the Maritime dispute have not materialised. As reported last week, the main stumbling block in the negotiations is the question of union security; West Coast operators maintain that the Union's demands amount to a closed shop against which they are strongly opposed. Negotiations this week have been confused. At one stage, when the East Coast operators agreed to union security demands, it seemed as though the Maritime Commission would exert official pressure on the West Coast operators by accepting similar terms on all government-owned ships. The Maritime Commission, however, has now made it clear that it will not intervene on this question and has been accused of a reversal of policy. The Commission may have been influenced by the fact that West Coast operators threatened to return government-owned ships if the order were enforced; more likely, however, although willing to exert the necessary official pressure to bring the previous C.I.O. Maritime dispute on the question of wage increases to an end (see Report No. 92) the Maritime Commission has hesitated to influence the much more controversial question of union security. The latest hope for at least partial settlement of the strike lies in the fact that the Master Mates and Pilots (AFL) have stated their readiness to return to work on the East Coast if the C.I.O. Union of Engineers will agree to a similar course. C.I.O. officials are said to be divided on the advisability of partial settlement. On the West Coast, negotiations between dockers and employers have been broken off.

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In the Pittsburgh strike the deadlock in negotiations has not broken. The Union has submitted modified demands but has refused the company's demand that all the issues be referred to arbitration. The Union's position has been weakened this week by a split within its own ranks. Spokesmen claiming to represent 700 of the 3,500 members of the union have petitioned the National Labour Relations Board for recognition of a new craft union of plant equipment and sub-station workers, stating that they were dissatisfied with the way the parent union had been handling the wage dispute. Behind this revolt is said to be District 50 of the United Mine Workers with whom the new union may affiliate.

There are no fresh developments in the New York truck strike.

2. Wage-Price Policy

The attitude of organised labour to the Government's wage-price policy is becoming crystallised. In the past few weeks both Mr. Green of the AFL and Mr. Murray of the CIO have clearly indicated their opposition to the continued existence of the Wage Stabilisation Board and have demanded a return to free collective bargaining without the necessity for Government approval of negotiated agreements. This week Mr. Green of the AFL has gone further and indicated that, not merely does he now consider that wage controls should be abolished, but that price controls also should be abandoned.

In his speech to the United Mine Workers Convention recently, Mr. Green stated that "The tragic farce of continued wage controls-while prices mount - must be ended at once." The present policy of granting price increases to cover every wage increase should be rescinded and in his view higher production under new and improved methods should yield sufficient profits to provide progressive increases of wage rates without requiring higher prices. At the A.F.L. Convention this week Mr. Green more definitely took his stand in favour of abolition of price controls. In his view the time has now come for all price controls - with the exception of rent ceilings - to be abolished as well as wage controls. He stated that the one sure remedy for inflation was production and reiterated his belief that increased efficiency in production methods

would/

would permit labour to obtain higher wage rates without increase in prices.

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The C.I.O., while agreeing that wage controls should be abolished, are still of the opinion that price controls should be maintained. Their view is that increased wages do not necessarily result in increased prices of goods and that, since wages constitute a small proportion of costs in manufacturing, increase in wages should not result in a comparable percentage increase in prices. In the opinion of the C.I.O. there has during this year been a double standard in the administration of the Government's wage-price policy; the Wage Stabilisation Board has strictly enforced its portion of what was to be an integrated stabilised programme, in contrast to the O.P.A. which has been more generous on price relief.

Although no official report has yet been made public, it is understood that the efforts of the Advisory Board of the Office of War Mobilisation and Reconversion to formulate a new wage-price stabilisation programme at President Truman's request (see Report No. 91) have broken down. Organised labour's attitude to the present wage policy is already known and in addition Mr. Eric Johnston, also a member of the Advisory Board and former President of the U.S. Chamber of Commerce, in a public speech recently castigated present wage and price controls as academic and fictional and urged their abolition. In some quarters it is stated that President Truman, however, still holds to the view that the Wage Stabilisation Board can at least act as a brake on rising wages and prices.

The Government's wage-price policy is also dealt with in the report of Mr. Steelman, Director of the Office of War Mobilisation and Reconversion (copy of which is sent with this report) but his attitude to any likely change in the Government's wage-price policy is cautious. "It cannot", he says "yet be determined whether there will be any later changes in present policies prior to the ultimate abandonment of Government control." In his view, increased production is the keynot to continued prosperity in this country, but he makes clear that, for the remainder of the year at least, the Government's task must be that of fighting/

fighting inflation with the machinery at their command however inadequate it may be. The report agrees with the view of organised labour that in some industries at least prices could be reduced without a comparable reduction in wages. On the subject of recent wage increases the report draws attention to the fact that the 18½ cent per hour increase granted to the steel workers as a result of the Government's new wage-price policy in February 1946 has not in fact become a national pattern and that the average increase in wages for all industries is well below that figure. The average hourly earnings between W-E Day and July 1946 in industries as a whole have increased 9.6% but, with the reduction in hours and overtime, the necessary transfer of workers from higher paid wartime work to lower paid peacetime industries and the decline in piece work earnings, gross weekly earnings in manufacturing industries have decreased 8.5% since April 1945. In addition real earnings have been further reduced by the rise in cost of living over the same period of 11%.

Primarily as a result of the present meat shortage, public reaction to price control generally appears to be changing and the abolition of price controls - at least so far as food is concerned - is gaining favour. A Gallup poll published this week shows that only 42% of persons approached were in favour of the retention of price controls on food, as compared with 75% when a previous Gallup poll on this subject was taken in May 1946. On the question of the retention of price controls on clothing, only 49% were now in favour as compared with 70% in May; on rent control 67% were in favour as compared with 78% in May.

3. United Mine Workers Convention

Perhaps the main point of interest which has emerged from the United Mine Workers Convention held this week, is that the Union has declared in favour of a continuation of a national wage agreement for the soft coal industry as against separate settlements in segments of the industry. It will be recollected that divergent views were expressed by soft coal operators in the North and South during the

recent/

recent conference in Washington to negotiate a return of the mines to the operators (see Report No. 91) and that negotiations were postponed at the request of Mr. John L. Lewis to allow the U.M.W. to express its views on this matter of policy. The decision of the Union - that there should be no separate contracts with groups of operators - may have the effect of delaying the return of the coal mines to the operators. It is interesting to note that the Convention clearly expressed its opposition to Government ownership of mines.

Considerable latitude was given the policy committee of the Union at the convention - full authority to specify Union demands more precisely and to approve a contract. Various points which will be considered by the committee included such matters as increased wage demands in due course; reduction in hours; improvement in the health and welfare fund; adjustment of vacations; improvement in workmen's compensation and occupational disease laws; and adjustment of the position of supervisory workers, etc.

The Convention, under a resolution labelled "OPA", attacked various Administration agencies and supported the abolition of the Wage Stabilisation Board.

Although Mr. John L. Lewis was not able to attend the Convention, as a result of an operation for appendicitis, union members were fulsome in their praise of the results achieved in the agreement between the Government and the U.M.W. in the spring. A national work holiday is to be authorized in his honour and, as a tangible expression of the Union's gratitude, Mr. Lewis is to receive an unspecified increase in his salary (at present \$25,000 a year). Increases in salaries of other high officials in the Union were also authorised.

4. General

(a) Conflict between the Communist and anti-Communist elements in the C.I.O. continues and seems likely to become a major issue at the CIO Convention in November. In New York, thirty-four leaders of CIO unions - including the Industrial Union of Maritime and Shipbuilding Workers, Utility Workers Union, Textile Workers Union, ^{United} Railroad Workers, etc. and claiming a combined membership of 150,000 - have formed a

committee/

committee to fight the communist influence in the C.I.O. In another union - the United Shoe Workers of America CIO - Mr. Frank McGarth has resigned from the Presidency of the Union, on the ground that the union was dominated by Communists.

(b) Although there is little doubt that Mr. William Green will be re-elected President of the American Federation of Labor at the close of the A.F. of L. Convention next week there are now indications that he intends to relinquish the Presidency next year in favour of Mr. John L. Lewis, President of the United MineWorkers of America.

(c) Mr. Walter Reuther, President of the United Automobile Workers has urged the desirability of holding a labour-management Conference in the near future to solve the country's economic problems and has asked leaders in the automobile industry to support his proposal. It will be remembered that the suggestion of a labour-management Conference has already twice been made by the CIO but without results. In the present case the desire for a conference emanates from the peculiar situation in the automobile industry which is causing concern to workers as well as employers. While production in other industries is high and in some cases exceeds pre-war figures (see Report No. 93), the automobile industry is not merely abandoning its proposals for expansion but is curtailing present production primarily, it is stated, as a result of shortage in steel, etc. Thousands of workers are already laid off in Detroit by the Chrysler Corporation and the Briggs Manufacturing Company and unemployment seems likely to increase.

(d) The President has designated the week commencing 9th October as "National Employ the Physically Handicapped Week". Among physically handicapped persons in this country - variously quoted as 20 million and 28 million persons - are 500,000 ex-Servicemen and failure to place these men in employment is causing concern. In February of this year, only one out of every 34 disabled ex-Servicemen seeking work was placed in employment and as late as June, despite campaigns by the Government agencies, only one out of 21 applying for jobs was placed. Although during the war physically handicapped persons were employed in large numbers in this country, such opportunities are no longer available.

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(e)

(e) The Secretary of Labor has announced plans to restore the 1,800 local offices of the United States Employment Service to the supervision of the individual States on November 16th. The Federal Government will continue to finance the operation of these offices but funds may, however, be discontinued in the case of failure of any State to maintain an adequate service. Each State is required to submit a plan of operation to and will receive any assistance and co-operation necessary from the U.S.E.S. staff in Washington. A regulation covering all States prohibits any person being placed in a vacancy resulting from a strike or trade dispute. Each State will be required to keep up-to-date information on local labour market conditions and States are being advised that they must co-operate in the recruitment and transfer of workers between States.

(f) A report by the Bureau of Labor Statistics on injuries at work during the second quarter of 1946 shows that the number of injuries suffered in employment was 124,000. This is an increase of 16,500 over the preceding quarter but 23,000 less than for the same quarter in 1945. Of the 124,000 persons injured at work, 400 injuries were fatal; 5,200 persons suffered some form of permanent physical disablement, and 118,000 lost at least one day's work on account of injury. The highest frequency rate of injuries occurred in saw mills; the lowest in the synthetic rubber industry.

(g) The De-Control Board this week for the third time considered the question of re-applying controls to dairy produce but decided against such action, on the grounds that the information supplied to the Board was insufficient to reach a decision.

(h) The A.F.L. is holding its 65th Annual Convention in Chicago this week and next. A summary of the main items of interest which emerge from the Convention will be reported next week.

10th October, 1946.

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UNITED STATES

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25 OCT 1946

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(Washington)

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October 18

October 25

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Transmits copy of report no 95 on labour
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References.

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8) Myrdal Evans (1/1)

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AN 3297

Ref 213/64/46

HIS Majesty's Ambassador at Washington presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs and has the honour to transmit to him the undermentioned documents.

British Embassy

Washington, D. C.

AN 3242

.....18th OCT 1946

Reference to previous correspondence:

Description of Enclosure.

| Name and Date. | Subject. |
|--|---------------------|
| From Labour Attache's Office - Report No. 95 | Labour and Manpower |

REPORT FROM LABOUR ATTACHE'S OFFICE
WASHINGTON, D.C.

LABOUR AND MANPOWER

The following subjects are dealt with this week;

1. Wage-Price Policy;
2. Maritime Strike, New York Truck Strike, Pittsburgh Strike;
3. A.F.L. Convention;
4. General.

1. Wage-Price Policy

All price controls on livestock, meat products, and feed products derived from livestock were removed by the Government on Tuesday of this week (copy of the full text of President Truman's radio speech is attached). In abandoning the attempt to cope with the meat shortage within the framework of the present stabilisation programme, the Government has virtually abandoned its present wage-price policy. Controls on other items of food and on other goods will remain meantime, but the removal of price controls (with the exception of rent ceilings) and the abolition of wage controls will be accelerated. According to the O.P.A., controls are likely to remain on such items as automobiles, farm equipment, household appliances, furniture, basic clothing items and building materials - which are still in short supply; it seems doubtful, however, whether the continuation of such controls will be practicable. The anticipation of removal of controls is likely to lead to continued or even greater shortage of such goods and to the familiar pattern of the Government being forced to remove price controls at an early date.

The general impression seems to be that the wage stabilisation policy will be abandoned even before the elections, despite the Government's original attempt to maintain the present policy until after 5th November. The resignation this week of the two industry members of the War Stabilisation Board and the unanimous recommendation of the Advisory Board of the Office of War Mobilisation and Reconversion to the effect that wage controls should be terminated as quickly as possible seems to support this view.

In some/

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In some quarters it is considered that the present volte face by the Administration is not now so likely to affect the prospects of the Democratic Party at the November elections. It has been realised for some time that the present wage price policy has become ineffective ; organised labour is demanding the abolition of wage controls; the policy of price control has been losing public approval and support as a result of the meat shortage; and production is increasing and seems likely to meet demands in the next few months. The long term question of whether the present inflation will lead to depression in the near future is one which more concerns the economists and on which they are not unanimous.

2. Maritime Strike, New York Truck Strike, Pittsburg Strike.

During this week negotiations in Washington have broken down and there is no prospect of a settlement of the Maritime strike. The strike is particularly affecting foreign commerce and shipment of relief supplies abroad. A spokesman from UNRRA has stated that the present stoppage, together with that which occurred last month, has forced almost complete suspension of UNRRA shipments from this country. East and Gulf Coast operators have withdrawn their representatives from the Washington conference; the main representative of the Master Mates and Pilots (AFL) has already left Washington and representatives of the Marine Engineers Beneficial Association have also announced their intention of leaving. Developments this week included the original refusal of the engineers Union to a separate contract with the East and Gulf Coast operators (see last week's report) and later a reversal of this attitude in a statement by the Union that they were ready to negotiate a separate agreement. The statement included, however, the doubtful hypothesis that the Union expected that the "Maritime Commission, in accordance with its established practice would direct the application of such pattern" (i.e. the agreement regarding Union Security) to all Government-owned ships. It will be remembered that the Maritime Commission previously refused to do this. Following this announcement, an invitation was issued by the Secretary of Labor to the East and Gulf Coast operators to return to Washington

for renewed//

-3-

renewed negotiations; instead the operators invited the Master Mates and Pilots (AFL) to discussions in New York. It is understood that a new offer was made to the Union which included acceptance of the principle of preferential hiring among deck officers but excluded captains. Negotiations in this case also have broken down.

There are no fresh developments in the New York truck and Pittsburgh power strikes.

3. A.F.L. Convention

The Convention of the A.F.L., at present sitting in Chicago, has been noticeable for the general agreement existing within the Federation, in contrast to the present struggle in the C.I.O. between left and right wing elements. Mr. Green has again been appointed President and the membership of the A.F.L. is reported to have reached its peak figure of 7,151,808 (the Southern Drive has accounted for 180,000 new members - still very far short of the goal of 1,000,000 members set by the Federation). President Truman sent a message to the A.F.L. which was received without enthusiasm and it was noticeable that the Secretary of Labor, Mr. Schwollenbach, had not been invited to address the Convention.

The Executive Committee in their preliminary report to the Convention laid the blame for the present rise in cost of living on the strikes which had been conducted by the CIO since V-J Day and on the President's settlement of the steel strike in February of this year. They considered that the recent intervention on the part of the Government in various strikes had been based, not so much on economic conditions, as on political expediency.

The main items of interest to date include the following:

(a) Acceptance by the Convention of Mr. Green's demand for abolition of both price and wage controls (see last week's report). This attitude is partly based on the conviction of A.F.L. economists that the present rise in the cost of living is nearing its end;

(b) The view that labour should have a voice in management. The Convention urged that labour and management should co-operate in

improving/

improving production and reducing waste. It also called for the further development of statistics within industries showing production achievement of the workers. (In the October issue of A.F.L. Labor's Monthly Survey the view is advanced that, before making wage demands, Unions should be informed of the output and employment figures of their industry);

(c) Condemnation of Soviet Russia as imperialistic and aggressive and what may be an attempt to lay the foundation of a new international labour movement outside the influence of the W.F.T.U. The Convention

a) recommended the establishment of a new inter-American Trade Union Association between workers in the United States and South America;

(b) authorised the council to discuss with the Canadian Trades and Labour Council a proposal to set up an American-Canadian Trade Union Co-operative Committee and (c) agreed to continued assistance on the part of the A.F.L. to European Trade Unions. An office is to be set up in Paris under Mr. Irving Brown, of the International Association of Machinists and two other members - Mr. William Doherty of Letter Carriers and Mr. Israel Feinberg of the International Ladies Garment Workers Union are to leave for Germany in a few days. In this connexion two British delegates from the T.U.C. addressed the Convention - Mr. Thomas O'Brien of the British Cinema Workers Union and Mr. Samuel Watson, Secretary of the British Mine Workers Federation. Mr. O'Brien suggested that the A.F.L. should co-operate with the W.F.T.U. without going so far as to suggest actual membership. The suggestion was perfunctorily dismissed by Mr. Green, who found difficulty in reconciling the attitude of the British Labour Party in excluding Communists from affiliation, with the inclusion of the British Trade Union Congress in the World Federation of Trade Unions.

(d) Support of the National Farmer-Labour Union, one of the newest affiliates in the Federation. It was stated that a big drive would be made in organising farm workers, not on small farms, but employed in big agricultural enterprises. If this drive should succeed, the combination of agricultural and industrial workers might have a far reaching effect/

effect in the politics and economics of this country.

Among other resolutions adopted to date were those favouring a 50% reduction in workers' income tax; and legislation to increase unemployment benefit and to raise the legal minimum wage to 65 cents per hour.

A resolution proposing independent political action and the formation of a Third Party was overwhelmingly defeated. The Convention also voted in opposition to compulsory military service.

A new feature of the future policy of the A.F.L. will be the demand for the extension of Welfare Funds on the lines of the agreement reached this summer between the Government and the coal industry - as a method of supplementing Federal benefits and of covering loss of earnings where no Federal benefits exist. The aim is according to Mr. Green "to establish security in every condition of life - old age, illness and infirmity." Among A.F.L. Unions a number of Welfare Funds are already in existence (see Report No. 75).

4. General

(a) The Brotherhood of Railroad Trainmen have voted against affiliation with the C.I.O. (see Report No. 93) despite the fact that Mr. Philip Murray, C.I.O. President, was received enthusiastically when he made a speech recently before the Brotherhood's Convention at Miami Beach. It is likely, that Mr. Green, A.F.L. President, will address the Convention before it adjourns on the 1st November, in a bid for affiliation of the Brotherhood with the A.F.L.

(b) The Army has cancelled all inductions from 15th October to the end of the year as a result of the increased voluntary enlistments in the past month. It was previously estimated that 40,000 men would require to be called up each month - in September this figure was exceeded by voluntary enlistment alone - 51,750 men volunteered; 25,000 men were drafted.

(c) A House Campaign Expenditure Committee has been investigating the political activities of various political organisations including the CIO-PAC. One of the interesting points which has emerged has been the comparatively/

Comparatively poor response to the CIO-PAC's recent drive for funds (see Report No. 88). Up to 30th September, individual contributions had reached only \$35,481 and though it was stated that, since that date, individual contributions have amounted to \$170,000, the sum falls far short of the \$1,000,000 contribution stated to be the goal. If financial contributions can be regarded as a gauge of labour's interest in the November elections the position is not favourable for the CIO-PAC.

A new organisation has been set up to oppose the political activities of the CIO-PAC - American Action Inc. It is stated to be a successor to the America First Organisation - an isolationist body set up in the last war. The organisation states, however, that it has nothing to do with foreign policy; it intends to help in the coming election Congressmen who are on the C.I.O. black list. Such assistance will be limited to certain districts in New York State, Illinois, California, Wisconsin, Missouri and Oklahoma. While this assistance seems limited it should be remembered that, with the Democratic Party in more or less complete control in the South, it is generally considered only necessary for the Party to carry another four or five large Northern States to win the election. Presumably it will be the intention of the organisation to assist the defeat of the Democratic Party in the States mentioned.

It is difficult to say whether this new organisation will have any effect on the election - it seems limited in scope and of a transitory nature. It has been mentioned merely as an indication of the opposition aroused by the activities of the CIO-PAC.

17th October, 1946.